

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

FROM : SAC, WASHINGTON FIELD

DATE: April 29, 1950

SUBJECT: SUBCOMMITTEE OF SENATE FOREIGN RELATIONS COMMITTEE  
ALLEGATIONS OF SENATOR JOSEPH MC CARTHY  
LOYALTY OF GOVERNMENT EMPLOYEES

Mr. Tolson \_\_\_\_\_  
Mr. Ladd \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Rosen \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Belmont \_\_\_\_\_  
Mr. Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Mr. Nease \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

Mr. BUDENZ, in his testimony at 3:25pm, stated that he was appointed Editor of the Chicago "Daily Record" in 1937. He described this as an organ of the Communist Party in the midwest. He stated that this paper "folded up" after the STALIN - HITLER Pact. He stated further that BROWDER warned him at that time that he, BUDENZ, was to be made Editor of the "Daily Worker" in New York. He said that BROWDER mentioned that "you have no technical difficulties." In explaining this, he mentioned that BROWDER informed him that he was the only member whose record was clear and who did not have some question concerning his immigration status. u

In response to a question from Senator HICKENLOOPER, Mr. BUDENZ then mentioned that he met WILLIAM Z. FOSTER just prior to the time FOSTER left for Moscow to become a CP member. In response to another question as to when he met other big Communist functionaries, he replied that he had met BRIDGES in 1936, FIELD in 1937; that he had met STACHEL immediately after he joined the Party in 1935. u

Senator HICKENLOOPER then asked if during his associations with the CP he had ever observed any of the functionaries telling untruths or lies. Mr. BUDENZ said that he had never observed any functionary ever lying to another functionary. u

Senator GREEN then asked Mr. BUDENZ if he had made his information available to the FBI. Mr. BUDENZ stated that he had and then remarked the FBI is one of the finest agencies in the US Government, I tell them everything, I am proud to have worked with them, and I give them as much time as I can. He then remarked that there were certain limitations to his time, that he had a teaching position at Fordham University, and that he had other private work which necessitated him spending considerable amount of his time and that accordingly, he had been unable to make available to the FBI the entire information which he had at his disposal. u

Senator HICKENLOOPER then asked if Mr. BUDENZ could evaluate the worth of Mr. LATTIMORE to the CP, and Mr. BUDENZ stated that he would leave such an evaluation in the hands of the Senators and remarked - I have told my story to you. He was then asked if LATTIMORE was considered a valuable adjunct to the Communist cause in Asia. Mr. BUDENZ replied that LATTIMORE was so considered and that STACHEL and BROWDER had so indicated to him.

Mr. BUDENZ was next asked the significance of the letters L and XL, which he had previously referred to in his testimony, and he explained that

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these initials were customary, that they were used by the Party in designating the identity of the person concerned if that particular person was in public life and his identity was not desired to be disclosed. Mr. BUDENZ was next asked if he knew of any occasions when LATTIMORE might have been used as a conduit for information from Asia to the CP, and he replied that he knew of no occasions, other than those that he had mentioned, namely, the times that he was informed by STACHEL and FIELD.

Mr. BUDENZ was asked if China was considered the vital spot as far as the CP was concerned, and he replied that it was and added that in the CP it was considered that American acquiescence of a Red China and a Red Poland must be obtained.

Senator HICKENLOOPER then asked if Mr. BUDENZ would say that the efforts in China on the part of the Communists were of the highest priority and he answered that that was true, and he remarked STALIN has said that wars aren't declared, they are made, and Mr. BUDENZ then stated that World War III was begun in 1945. Senator HICKENLOOPER then asked if, in Mr. BUDENZ' opinion, did the Communists assign their most important men to the Chinese problem. Mr. BUDENZ stated that that was true, that GERHARD EISLER had had that assignment before he went to Germany, where he today is attacking the US. Senator HICKENLOOPER then asked if the US was a target for Communism, and Mr. BUDENZ answered that it was and that it had been since 1945 and then he added, in fact, since 1934, when the Communists formulated their policy - the plan then to drive the US out of the Philippines and out of the Pacific. Senator HICKENLOOPER then asked if Mr. BUDENZ knew that LATTIMORE was assigned to handle Communist activities on the West Coast. Mr. BUDENZ answered "that was where he worked" and then he said he was also Editor of "Pacific Affairs" during that time.

Mr. BUDENZ was asked if the Communist apparatus was divided into two classes and he said that he could best answer that question by comparing the Communist apparatus to a tree, for example, he said the roots could be compared to the underground and to such members as EISLER and PETERS, who sent WHITTAKER CHAMBERS to Washington to steal State Department documents. Mr. BUDENZ said the open Party could be compared to the trunk of the tree, and he mentioned that names like BROWDER and his own, who were open Party members, could be so classified in this regard. He stated that the men and women members of the CP could be compared to the branches, that through the branches their information was obtained and instructions issued from the roots.

Mr. BUDENZ was then asked if he knew of any instances where members of the CP had gone underground. He mentioned Dr. NORMAN BETHUNE (ph) from

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Canada, who he stated died in China during the Chinese civil wars. He said that after BETHUNE's death that BROWDER, in a meeting, stood up and announced that Dr. BETHUNE asked that upon his death he be counted as one in the Army of STALIN although during his whole lifetime his Communist affiliation had been purposely hidden. BUDENZ then named BELLA DODD as another example of an underground Communist worker, as well as FIELD.

Senator HICKENLOOPER then asked Mr. BUDENZ to explain who, in his opinion, was the most effective in the CP, the open member or the secret member. Mr. BUDENZ answered that both categories work for the great conspiracy, that both are equally effective, that they need the open membership to give semblance of a Party and that the underground is effective in espionage operations. He was then asked if it was a fair assertion to say that the American people had little knowledge of Communism, and he replied that that was true and then remarked, BROWDER always said that we are a small Party, nevertheless we exercise great influence.

BUDENZ was asked what his capacity was and he said he was an Assistant Professor at Fordham. He was then asked if he had told Fordham officials of his background and he replied that, although he had not told them in great detail of his background, he knew that the Fordham officials knew who he was and knew his background. Senator HICKENLOOPER then said that if BUDENZ were associated with Fordham, it gave a certain weight to his testimony but BUDENZ quickly replied that he would not connect Fordham with his testimony here and did not wish that Fordham University should be involved in this matter in any way. He said that he desired to stand on his own testimony. Senator HICKENLOOPER then said that BUDENZ has been a Government witness on a number of occasions and he presumed that the Federal authorities had vouched for BUDENZ. BUDENZ replied that perhaps this was true but that again he did not wish to stand upon this reputation but wanted his testimony on this day to be judged on its own merits. He was then asked if he could return Monday (presumably April 24th), but he replied it would be better if he could come back Tuesday, as an Executive Session was scheduled for 10:00 on Tuesday, presumably April 25th. At 4:10 pm, BUDENZ was excused and thanked by Senator TYDINGS for his testimony.

TESTIMONY OF BRIGADIER GENERAL ELLIOTT R. THORPE, US ARMY - RETIRED

At this point, over the vigorous objections of Senator LODGE, FORTAS, Counsel for LATTIMORE, was able to have Brigadier General THORPE sworn as a witness. Senator LODGE advised that he was told that if THORPE were sworn, Senator McCARTHY had a witness whom he wished to offer but this aspect was

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not developed. FORTAS brought out that THORPE had to be heard today inasmuch as he had to leave town tonight. The testimony of THORPE was contained with in the form of a press release given by THORPE.

THORPE advised that he had been in the US Army for some 32 years; about one half of this time was spent in military intelligence and that he had served in military intelligence in the Pacific Ocean Area, the Philippine Islands, Netherlands East Indies and from 1942 until 1946 had been Chief of Counter-Intelligence Corps under General of the Army, DOUGLAS A. MacARTHUR in MacARTHUR's Pacific Command. A copy of this press release has been furnished to the Bureau.

Briefly, the release sets out that THORPE on three occasions caused an investigation to be made into LATTIMORE's loyalty and that he, THORPE, as a result of these investigations believed LATTIMORE to be a thoroughly loyal US citizen. THORPE, after the war, was Military Attache at Bangkok, Siam and served for a time at the Army Language School, probably in Monterey, California.

After THORPE finished his statement, he was interrogated chiefly by Senator HICKENLOOPER. THORPE said that he thought the investigations made under his direction were sufficiently thorough to clear LATTIMORE and he allowed LATTIMORE to see confidential documents in LATTIMORE's capacity as Adviser to General THORPE. In response to a question, THORPE said that LATTIMORE did not shown partisanship for any country, other than the US. (At 4:25pm, Senator TYDINGS left, mentioning a previous engagement and gave his proxy to Senator GREEN.)

THORPE was then asked if he had found any personnel of the IPR to be subversive. In answer to this question, THORPE said not so much subversive in the sense that subversive means undermining the US but that there were a lot of people with IPR, "making a living." The rest of his answers to this question trailed off and was unintelligible.

Senator HICKENLOOPER then asked when LATTIMORE came out to the Orient, and General THORPE said in 1944 and in 1946, and that on these occasions, LATTIMORE was included in the general investigation made by General THORPE's section of the IPR and that he was also investigated as a general security matter.

THORPE was asked by Senator HICKENLOOPER if he, THORPE, had access to FBI files, and he said that he did not, nor did he turn over the results of his investigation to the FBI. General THORPE then said that he had a representative of his CIC Section with "HOOVER" and that the FBI had representatives with the General's CIC Section.



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General THORPE was then asked by Senator HICKENLOOPER if the General had access, while investigating LATTIMORE, to the files of other US Government agencies. General THORPE was unable to give a complete answer to this question but said that he was not sure whether or not he did have access to other Government agency files but believed that he did not have access to such files.

Senator HICKENLOOPER then asked what sort of confidential documents LATTIMORE saw. General THORPE was unable to answer specifically but said that, in general, documents were classified all the way from "~~top secret~~" to "restricted." Senator HICKENLOOPER persisted and said that he presumed that LATTIMORE must have had confidential documents when he was advising the General and the General admitted that this was probably true that LATTIMORE did see confidential documents.

General THORPE said then that he did not favor recognition of Communist China and said that he considered Communism a great threat and that he had volunteered to appear at this hearing because he was concerned that innocent people were being labelled as Communists. General THORPE was then asked if he recalled a report that had been prepared by one E. HERBERT NORMAN (ph), which report was presumably sent to General WILLOUGHBY (General WILLOUGHBY was an AC of S, [ ] to General MacARTHUR). It was brought out that E. HERBERT NORMAN was a Canadian representative. General THORPE was unable to recall such a report and said that, to his knowledge, NORMAN did not file that report with him and further that he was not within the scope of WILLOUGHBY's command but reported to the Chief of Staff of General MacARTHUR. (It is noted that MacARTHUR's Chief of Staff was General RICHARD SUTHERLAND, and that General WILLOUGHBY, as [ ] was concerned with combat intelligence). b7D

General THORPE then advised that he had begun military intelligence work shortly after World War I. In response to a question, General THORPE said that LATTIMORE was an adviser of his during World War II and in part of the CIC Section. LATTIMORE's role as adviser to General THORPE was never entirely clarified. The General then said that he did not know very much about China and his interests were chiefly in Japan and Russia. The General said he would need a release from the Secretary of War before going into greater detail and Senator HICKENLOOPER then said that he wanted the whole relationship between LATTIMORE and CIC brought out.

It is noted that General THORPE lives in Minnesota but has a house in Rhode Island about which he is now concerned, and that he had flown in- to Washington, D. C. yesterday to appear today. He said that he felt it his public duty to appear.

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FORTAS then said that he had assurance that after BUDENZ had finished, he would be able to present General THORPE and Senator LODGE asked him who had given him this assurance. FORTAS was unable to state with any clarity where this assurance came from but said he knew of no reason in law why he could not present his witness. Senator LODGE then said that he was no lawyer, that this was not a legal proceeding and that FORTAS was not in a court room. FORTAS finally admitted, after several questions, that on Wednesday, April 19th, he had spoken with Senator TYDINGS and FORTAS implied that Senator TYDINGS had told him that his witness, General THORPE, would be allowed to appear today. FORTAS then said that he wanted to subpoena FREDERICK V. FIELD, because a few days ago a commentator, unnamed, had said that BUDENZ in his testimony would link FIELD and LATTIMORE (FORTAS' statements were difficult to follow because he had no microphone).

FORTAS then tried to get into evidence an affidavit which he said was made by BELLA DODD, whom he described as a CP member and a member of the CP National Committee from 1944 until 1948. He also said that BELLA DODD was expelled from the CP in June, 1949. When asked why DODD did not appear, FORTAS said that he could not subpoena her. The affidavit was not allowed in evidence and FORTAS was not permitted to read it. The hearing adjourned at about 5:05 pm.

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United States Senate  
 COMMITTEE ON  
 EXPENDITURES IN THE EXECUTIVE  
 DEPARTMENTS

June 27, 1950

Mr. Tolson	✓
Mr. Ladd	✓
Mr. Clegg	
Mr. Glavin	
Mr. Nichols	✓
Mr. Rosen	
Mr. Tracy	
Mr. Harbo	
Mr. Belmont	✓
Mr. Mohr	
Tele. Room	
Mr. Nease	
Miss Gandy	

Mr. J. Edgar Hoover  
 Director, Federal Bureau of Investigation  
 Washington, D. C.

Dear Mr. Hoover:

Some time ago it was publicly announced via a letter from Mr. Peyton Ford, Assistant U. S. Attorney General, that: (1) The F. B. I. had examined the 81 State Department loyalty files which the members of the Tydings Committee have been scrutinizing; and (2) that this examination by the F. B. I. disclosed that the files were complete and that nothing had been removed therefrom.

Last night Fulton Lewis, Jr., in a radio program, stated that this was not true; that the F. B. I. had not made an examination of the files in question.

I would, therefore, greatly appreciate knowing whether or not the F. B. I. actually has conducted any type of examination of the files in question and if so, whether your Department has actually found the files to be complete with nothing having been removed therefrom.

I very much dislike doing anything which may even remotely involve the F. B. I. in what has been developing into a rather unpleasant situation insofar as the present loyalty investigation is concerned. However, I very strongly feel there has been too much of an attempt on the part of some to hide behind the very excellent and well earned reputation of the F. B. I. For that reason, I believe the request for this information is a reasonable one.

Sincerely yours,

JOE MCCARTHY

Joseph R. McCarthy

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FEDERAL BUREAU OF INVESTIGATION,

Room 5744

6/28

, 1950

TO:

☒ Director  
☐ Mr. Ladd  
☐ Mr. Clegg  
☐ Mr. Glavin  
☐ Mr. Harbo  
☐ Mr. Nichols  
☐ Mr. Rosen  
☐ Mr. Tracy  
☐ Mr. Belmont  
☐ Mr. Mohr  
☐ Mr. Carlson  
☐ Mr. Callahan  
☐ Mr. Nease  
☐ Miss Gandy  
☐ Personnel Files Section  
☐ Records Section  
☐ Mrs. Skillman

☒ Mr. Tolson  
☐ Mr. Ladd  
☐ Mr. Clegg  
☐ Mr. Glavin  
☒ Mr. Nichols  
☒ Mr. Rosen  
☐ Mr. Tracy  
☐ Mr. Harbo  
☐ Mr. Belmont  
☐ Mr. Mohr  
☐ Tele. Room  
☐ Mr. Nease  
☐ Miss Gandy

See Me

For Appropriate Action

Send File

Note and Return

*Suggest Nichols*  
*clear with as,*  
*if available, or*  
*with Ford*

*at 121-23278-190*  
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Clyde Tolson

MR. D. M. LADD

June 22, 1950

A. H. BELMONT

STATE DEPARTMENT REPORT ENTITLED "SURVEY  
OF DEPARTMENTAL PERSONNEL SECURITY  
INVESTIGATIONS" BY S. KLAUS, AUGUST 3, 1946

PURPOSE:

*Communist in the State Dept.*  
To synopsize the attached summary of the above-captioned document.

PERTINENT ALLEGATIONS IN THE REPORT:

In commenting on the interpretation of the Security Committee functions, it was stated that the Security Committee considered that security questions were raised by such items as credit risks, sexual aberrations of character or conduct, and truthfulness in replies to questionnaires. This was considered an impingement on the personnel policy. It was noted that the Department was practically exclusively dependent on the FBI for the type of information emanating from surveillance, wide coverage, and use of unusual methods of interrogation and investigation. The Department did not have the facilities for that type of work; consequently, the FBI was the sole repository of such information as the identity of Communist Party members, foreign agents, etc.

It was indicated that checks made by the FBI were a matter of accommodation and not of duty, and no control was exercised by the Department over the investigation. It was also stated that the FBI had prepared a chart which purported to show a number of "agents", "Communists", "sympathizers", and "suspects" in the State Department as of May 15, 1947. These were tabulated in the report. It was stated that the FBI had produced no proof that any person was an actual agent nor made a case to show espionage or violation of Federal legislation. It was concluded that the cases comprised the total of questionable employees in every security category in the Department; that is, "questionable, in the opinion of the FBI." It was pointed out, in connection with information received by the Department, that "The only organization which does conduct surveillances and active investigation in the security field, and whose production we are entirely dependent upon, is one which we do not control and which does not act in accordance with our needs or requirements."

The Security Committee had a tendency to assert security risks in matters which have only relatively remote security implications. Such aspects included homosexuality, psychopathological and past financial difficulties. These items, according to the report, were of security interest only in the sense that numerous other factors may, in a crisis, give rise to an opportunity for pressure or blackmail.

Attachment

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In commenting on "loyalty", it was stated that, if a person uttered certain views, this evidence may suggest further investigation as to his loyalty. However, there should be no confusion between the fact of those views and the ultimate fact of disloyalty. Consideration of American history should demonstrate that persons who seek to change the existing form of our Government may still be intensely loyal to the Government and traditions of the United States on accepted subjective standards, and they are not necessarily disloyal when they hold unpopular views. It was remarked in connection with violent overthrow of the Government that in the Schneiderman Case the Supreme Court indicated that members of the Communist Party who seek to accomplish their aims by Constitutional means cannot, perhaps, be deemed to be seeking to overthrow the Government by violence, and, furthermore, the Communist Party is, in most States, a legal Party. It was stated that the Civil Service Commission ruled that the provisions of the Hatch Act, which did not mention any Party by name, were to be interpreted as applying to the Communist, Nazi, and Fascist Parties. The courts had not passed on the validity of the interpretation and it was doubted whether the interpretation would be sustained.

Foreign agents were considered as persons acting under instructions and presumably reporting to their principals. Consequently, they could be detected if sufficient manpower and ingenuity were available. The conclusion was drawn that "It must, therefore, be only the inadequacy of the Department's Security Personnel and of the FBI or legal obstacles to surveillances that account for our failure to discover such agents, to dismiss them, to bring them to trial, and to convict them, where crimes have been committed." The failure of trial and conviction was ascribed in part to lack of adequate information.

"However, where actual agents were not dealt with, but only persons likely to be used as such, the standards should be known as of 'reasonable danger', for we are dealing here with the opinion and belief of a citizen."

In regard to the Department's ability to handle the investigative problem, it was concluded that the acid test of the investigative facilities used by the Department, which meant means used primarily by the FBI, must be the discovery of actual penetration by foreign agents as demonstrated by sound evidence which would expose the intelligence system of a foreign power in this country. Such evidence the FBI had not yet produced. Moreover, each employee dismissed as an agent or probable agent must become the subject of an intensive security investigation to justify the dismissal.

The FBI acts for the Department by way of accommodation, and it cannot afford to be meticulous in its work in view of the wholesale demands made upon it by other Government agencies. Furthermore, the FBI established priorities of investigation and transmitted to the Department only such information as, in the opinion of FBI officials, may be properly known to the Department. The information obtained from the FBI was not necessarily evaluated or subjected to the same standards of proof as those applied to information collected for the use of the

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Attorney General and courts. The request made by the Department of the FBI was not incapable of proof, and whether a man is a member of the Communist Party is not improvable since the FBI has or can penetrate the Party. Therefore, the failure of the FBI to provide proof which would stand up was simply the evidence of the FBI's own administrative limitations with respect to the work it does without the statutory duty. It was pointed out that the FBI investigators were not subject to direction and control of the Department and their sources could not be evaluated. The alternative was to strengthen the Department's investigative service or utilizing more extensively the services of other agencies.

It was considered desirable that there be a thorough coordination of the Government's intelligence and counter-intelligence investigations in order to provide the information needed for the direction of the Department's foreign and personnel policies. This would require an understanding with Mr. Hoover, the Attorney General, and the Director of CIG. It was indicated that the FBI Appropriations Act carried a provision that investigations should be conducted on behalf of the Attorney General and Secretary of State. It was conceded that there may be practical difficulties in effecting closer direction by the Department over the investigative work of the FBI. The accommodation character of the FBI's service to the Department was intolerable and the FBI must perform as a direct service of obligation to the Department or the Department could not fulfill its obligations. The Department should explore the possibilities of a closer arrangement with CIG. Various cases were included in the survey and it was noted that certain individuals were disapproved as security risks for such reasons as alcoholism, homosexuality, and indiscretion.

At the conclusion of the report, recommendations were made, among which was one that more discriminate use should be made of the investigations conducted by such agencies as the FBI and the possibility be explored of using additional agencies such as the Treasury Department and CIG. Every case of a rejection or termination on evidence of foreign agency should be a cause for counter-intelligence consideration and report to the Department. For this reason, careful reexamination should be made of the role of the FBI as an intelligence agency serving the Department and proper use of the facilities of CIG and other agencies for the same purpose.

It is noted that a copy of the Klaus report was recently obtained by the Bureau from the State Department through liaison. However, on April 2, 1947, there were obtained through liaison with the State Department photostatic copies of a memorandum prepared by Mr. Dennis Flinn, former Bureau Agent with the State Department, entitled "The Story of Sammy", which was prepared to refute the Klaus report. In a memorandum to you from Mr. E. G. Fitch on April 14, 1947, a summary was made of the charges made by Klaus concerning the Bureau, followed by comments of the true facts in each instance. At that time the Klaus report was not available but the memorandum by Mr. Flinn quoted pertinent portions of the Klaus report.

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A check is being made to determine whether any of the individuals named in the "Case Studies" Section of the Klaus report are presently employed in the Federal Government. If it is determined that they are still employed, appropriate action will be taken under Executive Order Number 9835.



MR. D. M. LADD

June 20, 1950

MR. A. H. BELMONT

STATE DEPARTMENT REPORT ENTITLED  
"SURVEY OF DEPARTMENTAL PERSONNEL  
SECURITY INVESTIGATIONS" BY S. KLAUS  
AUGUST 3, 1946

PURPOSE:

To summarize the above-captioned report pursuant to your request.

BACKGROUND:

On June 6, 1950, Senator Joseph R. McCarthy on the Senate floor stated in substance that three or four years ago the FBI supplied the State Department with charts and diagrams purportedly showing pre-Soviet individuals in the State Department. It was determined that the material used by Senator McCarthy emanated from the State Department in a report prepared by Mr. Samuel Klaus dated August 3, 1946, for Joseph Panuch, former Deputy to the Assistant Secretary for Administration. A copy of this report has been obtained by the Bureau. The alleged charts prepared by the FBI appear on page 29 of the report wherein it is stated in part, "FBI has prepared a chart, now in the possession of Mr. Bannerman, which purports to show a number of 'agents', 'Communists', 'sympathizers', and 'suspects' in the State Department as of May 15, 1947." There followed a tabulation in each category.

On page 30 of the report there is set forth the verbatim text of material critical to the Bureau which appeared in the press subsequently. It has also been determined that the chart in question was in fact prepared in the Reproduction Branch of the State Department and bears the title "~~Top Secret~~, U. S. Department of State, Preliminary Survey of the Communist Infiltration, prepared May 15, 1946." The following is a summary of the report prepared by Mr. Klaus set out in sections as the report actually appears.

PERSONNEL SECURITY REPORT PREPARED BY S. KLAUS:

Introduction

The first part of this report is the authority on which the survey was made and its limitations. Conclusions set forth in the introduction were;

- (1) The organization was effective in applicant screening according to relatively crude and normal standards of ordinary employment.
- (2) The organization did not secure the Department from penetration by professional foreign agents.
- (3) The implied and sometimes explicit standards of ideology and opinion which were applied to security raised questions of Government policy and of their effect on the character and personality of personnel to be admitted to the Department.
- (4) The standards of proof were dubious.

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### Findings

The personnel investigations were divided into two groups. The first consisted of applications for original employment or transfer to Departmental rolls. The second comprised investigations of employees already on the rolls. The initiation of these investigations was described. Special cases of investigations conducted by the FBI were mentioned, however, these were not surveyed. The Division of Investigations (CSA) was then described as to functions, organization and scope of the investigation. The functions of CSA were to investigate applicants for security reasons, make investigations in connection with passports and visas and greeting newly arrived diplomats and distinguished foreign visitors. As to the organization of CSA, it was stated that the miscellaneous character of the Special Agents' work probably explains their lack of special training and the methods of CSA procedure. It was noted that the methods and traditions of the Post Office Inspectors' Service seemed to predominate inasmuch as the officers of CSA were formerly affiliated with that Service.

In connection with the scope of the investigation, it was stated that there is no manual of instructions or any standards of proof to guide the investigations. In the usual case the function of CSA is to verify statements made by applicants on the application form. Further, the "derogatory" information reported is usually obtained by consulting routine sources, police records, House Committee files, etc.

It was also noted in the report that no investigation of a financial character is conducted and no attempt is made to check income tax records. A criticism was made of the type of review set up in CSA and also of the CSA personnel. It was stated that the field agents probably have sufficient training to conduct ordinary investigations efficiently, however, few of the agents had prior training in personnel policies in the Department, in ideologies, in court decisions and legislation with respect to the Civil Service employment. It was stated that a doubt existed whether the average agent knows the differences among various schools of so-called liberal and radical thought.

### The Office of Security Officer--CON

This organization functioned almost entirely as a liaison office between other investigative agencies, particularly the FBI and CSA. Ostensibly, the set-up to review CSA investigations and request additional investigations is not adequate. Furthermore, this office had access on a "personal" basis to current FBI investigations and information flowing into this office which was not given to CSA. According to the report, the FBI sent to CON security reports which in

the judgement of the FBI were of interest to the State Department. It was alleged that the information was made available only on a basis of personal trust to certain members of CON. It was also stated that this office lacked a proper filing system and relied on personal recollections of the staff. The scope of CON was presumably to protect the personnel security of the Department by collating CSA reports with information from other sources and coordinate personnel security with other security aspects. Where there are elements of doubt with respect to security, the cases are referred to CON to the Security Committee for disposition. However, if the case is one of an applicant for Foreign Service, the case is then referred by CON to the FBI for further investigation. In such cases the FBI received the benefit of all CSA and other information. It was noted that CON was not restricted to review alone but operates as a fact-finding body in respect to CSA and it was doubted that this was sanctioned by Departmental authority. It was further indicated that additional information asked of CSA by CON was routine in character, usually on the basis of some confidential information from the FBI, personal knowledge of the staff concerning the applicant or a gap in employment information.

#### Security Committee

The Committee is concerned primarily with passing on cases presented by CON and other offices. This Committee meets irregularly, depending on the number of cases for consideration. The secretary at the meetings orally presented the facts in each case to the Committee after reading the CSA reports and digesting derogatory information. No minutes were kept during the meetings. The files were not seen or read by the Committee. It was indicated that the Committee was essentially a part of CON and decisions in individual cases were largely predetermined by the views of officers of CON. The Committee has no directive or standards from any superior authority and acts in accordance with the views of individual members as to security considerations. The conclusion was that the Committee was not judicial but in effect an administrative screening Committee. The Committee tended to proceed on the principle that an adverse recommendation be made in every case where a "doubt" was entertained even though further investigation might dispel or explain the doubt. It was also indicated that an officer of CON stated that the Department should not employ anyone where an element of doubt was indicated because there were other persons eligible for positions regarding whom no doubt existed. The doubt was derived from such factors as membership list or purchasers at the Washington Book Shop, petition signers of various kinds or membership in organizations which the Dies Committee designated as Communist dominated.



It was concluded that there was a question as to the validity of the premise that such doubts of loyalty to the United States were "reasonable". Moreover, the Committee made no distinction between professional and clerical applicants in the application of their standards. The Committee based its decisions of disapproval on the "existence of derogatory inference from what are really ambiguous facts". It was conceded that the Committee requested supplementary investigation in some cases such as neighborhood and Civil Service Commission checks but beyond such routine additional investigation the Committee was content to base recommendations on inferences. Furthermore, the Committee disregarded eligibility ratings by the Civil Service Commission and considered that security questions were raised by such items as "credit risk, sexual aberrations of character or conduct, and truthfulness in replies to questionnaires." This was considered an impingement on personnel policy.

#### Role of the FBI

The FBI furnishes the Department information in the form of routine checks for CSA, or for CON, or in the form of unsolicited reports of interest to the Department. Mention was made that at the request of officers of CON the FBI conducted investigations of foreign career personnel applicants where an element of doubt had been produced. It was noted that the Department relied upon the FBI and the checks were made as a matter of accommodation, not of duty, and no control was exercised by the Department over the investigation. Furthermore, the Department was dependent on the FBI for information which emanated from "surveillance, wide coverage, and the use of unusual methods of interrogation and investigation."

The FBI prepared a chart which purported to show a number of agents, Communists, sympathizers and suspects in the State Department as of May 15, 1947. It was learned several months later that the number had been considerably reduced.

"It turned out that FBI had produced no convincing proof that any person was an actual agent. In other words, FBI had made no case to show espionage or a violation of the Foreign Agents' Registration Act, or similar legislation, in any case. The word 'agent' was, therefore, being used - by FBI or by CON - to mean simply a suspect in espionage investigation, etc.

"No proof of actual Communist Party membership had been produced by FBI. The word Communist, therefore, was used merely to describe cases of such close affiliation as to lend credence to a hypothesis that the person in question was a member---a fact still to be proved."

It was concluded that these cases comprised the total of questionable employees of every security category in the Department, that is, "questionable in the opinion of the FBI". It was observed that when CSA applied to FBI for checks, it received information based on "index searchers"; however, CON received additional information not afforded to CSA. It was explained that this information was of a current nature and not indexed or so confidential that CSA would not receive it. The conclusion was that it was embarrassing and involved duplication and inefficiency of operation since CSA was not informed by the FBI in cases where confidential information was available and that information was furnished to CON and withheld from CSA. It was presumed that there were standing orders in the FBI to the distribution personnel regarding the types of reports sent to the State Department. It was conceded that information was not being deliberately withheld with knowledge that it would be valuable to the Department. However the opinion was expressed "that" the only organization which does conduct surveillance and active investigation in the security field and whose product we are entirely dependent upon is one which we do not control and which does not act in accordance with our needs or requirements."

It was pointed out that CON appeared to be influenced by the FBI in other ways. Mr. Flinn, former FBI employee, was active in the Security Committee as an additional liaison with FBI officers and the FBI gave valuable information on a personal basis to the Department under admonitions of secrecy.

According to information in the report, FBI Congressional appropriations provided that the FBI should act for the Attorney General and the Secretary of State. It was doubted that the Department could exercise more control over the detail of FBI service and concluded that "in practice it would certainly be improbable."

## II

Section II of the report dealt with the conclusions which were allegedly justified by the survey.

### Objectives of Personnel Security Control

It was disclosed in the report that there were dangers to security which do not derive from foreign agents. These were the dangers of infiltration in the Department by representatives of business corporations and special interests should the "well-placed" employee favorably influence policy or obtain influence over his fellow employees.

It was indicated that foreign governments may attempt to obtain information which was not the policy and interest of the United States to disclose and the effect of the activities of the foreign government was to frustrate that policy and interest.

Also included in security were attempts to destroy the disciplinary control of officials of the State Department over information of interest to other governments. It was indicated that the press at times jeopardized policy by disclosure of information prematurely. The conclusion was that personnel security controls were much broader in scope and significance than the type of investigation and review previously discussed could handle.

#### Standards of Personnel Investigation

It was stated that there was an absence of expressed standards of investigation and the CSA investigations were not governed by statute or by any departmental policy. The investigators have no written instructions nor clear idea of the Department's employment standards.

The Security Committee showed a tendency to assert security risks in matters which have only relatively remote security implications. Included were homosexuality, psychopathological and financial difficulties. These matters according to the report were primarily in the province of the personnel authorities and were of security interest only when given rise to an opportunity for pressure or blackmail. In regard to pressure and blackmail, certain countervailing characteristics should be considered, such as character, length of service, etc. These matters are the responsibility of the Personnel Department. The Security Committee and CON should be concerned with elements of security closer to the aspects of penetration by foreign governments. Furthermore, of importance in the survey was a confusion in the distinction between standards of purpose or policy and standards of proof. For example, it was assumed that a person who was associated with "leftists" or "Communists" should be debarred from employment. A standard of policy or purpose could be promulgated by the Department that no employee associate with "suspects". This policy was not formulated. It indicated, however, that if an applicant did associate with suspects it becomes a matter of proof and must be based on standards of logic and fact.

#### Standards of Purpose or Policy

There were set out in the report special legislative standards, such as the Hatch Act, which were laid down by Congress.



It was stated that "loyalty" was commonly used for a standard of eligibility for employment and the meaning of the word is assumed. However, it was noted that in the CSA reports such words as "liberal", "Socialist" and "Communist" were assumed to be interchangeable terms and all were inconsistent with "loyalty".

Vague language, it was indicated, may be desirable in certain instances but it should not be permitted to result in the dismissal of employees where the findings were drawn from opinions and beliefs which could not be held up by the courts.

Evidence that a person uttered certain views may suggest further investigation but there should be no confusion between those views and ultimate disloyalty. It was stated that a reflection of American history should demonstrate that persons who seek to change the existing form of our government may still be intensely loyal, on accepted subjective standards, to the government and traditions of the United States and they are not necessarily disloyal when they hold unpopular views.

Furthermore, this consideration was important, according to the survey, since even Communists frequently argue that they seek, out of their loyalty to the United States, a form of government which they consider superior. "That these protestations may be sincere is indicated by the not infrequent cases of Communists who have left the Party and abjured the faith because of disillusionment." It was concluded that any standard which does not consider the liberty of the American citizen to hold and discuss unpopular views and by peaceful and lawful means to convince others cannot be applied as an acid test for loyalty to the United States.

#### Guilt by Association---Overt Acts

According to the report, it was commonly contended that persons should be disapproved for employment because of their associates, which standard was referred to as "guilt by association". The Security Committee used association as a ground for a finding of guilt. It was stated that such standards of guilt, completely unauthorized by law or by policy of government, may be imposed with consequences that appear to be arbitrary, if not tyrannical.

The standard of "overt acts" was dismissed with the statement that it should be applied with objectivity, reanalyzed and restated.



### Overthrow of the Government by Violence

This, a Hatch Act Standard, was usually applied to Anarchists and Communists. The Schneiderman case was discussed and it was stated that the Supreme Court indicated that members of the Communist Party who were seeking to accomplish their aims by Constitutional means cannot perhaps be deemed to be seeking to overthrow the government by violence. It was further stated that the Marxists and Communists would probably overthrow the government by violence if they thought there was a possibility of success. However, in view of the Supreme Court's decision the standard is too vague for the usual case. The Communist Party in most states is a legal political party. The Civil Service Commission ruled that the provisions of the Hatch Act, which do not name any party, were to be interpreted to apply to the Communist, Nazi and Fascist parties. The courts have not ruled on this interpretation and a doubt existed whether the interpretations would be sustained.

### Danger of Penetration by Foreign Governments

A clearer standard of purpose, according to the survey, should be that the Department not employ any person acting directly or indirectly for a foreign government. It was also considered improper to employ a person who was overpoweringly sympathetic to a foreign government and who would consider his loyalty to the Department and the United States less than his sympathy for the other government.

The Communist Party is an instrument of Soviet policy, makes fanatic devotees and appeals to the more intelligent classes from whom the government is likely to recruit its personnel. Members or sympathizers of the Communist Party may provide a source of agents or propagandists within the Department.

Agents acting under instructions and presumably reporting to their principals can be detected if sufficient manpower and ingenuity are available. The conclusion drawn was, "It must therefore be only the inadequacy of the Department's security personnel and of the FBI or legal obstacles to surveillance that account for our failure to discover such agents, to dismiss them, to bring them to trial and to convict them, where crimes have been committed." If this was not done, the failure must be ascribed in part to lack of adequate information.

However, where actual agents were not dealt with but only persons likely to be used as such, the standard should be one of "reasonable danger, for we are dealing here with the opinion and belief of a citizen."

### Standards of Proof

It was pointed out that what is sufficient proof is determined by many factors and that frequently the failure to comply with rules of sufficiency of evidence is caused by administrative necessity. It was conceded that the ideological convictions of a person may be difficult to prove especially when there is a desire to conceal them. Furthermore, the CSA investigators do not interview the applicant and report only such routine items as background information, etc. The reviewers, like the investigators, base their determination on the strength of the inference concerning approval or disapproval for employment.

CON and the Security Committee have attempted to assume in cases an inference of Communist Party membership, or its equivalent, from facts which are clearly subject in experience to an equal or stronger inference of innocence. True foreign agents would naturally avoid opinion and not associate with organizations under fire and consequently penetrate the Department as a result of diversion created by the application of this test.

If the hypothesis suggested by the ambiguous evidence is one of actual agency on behalf of a foreign government, the hypothesis should be capable of proof if sufficient investigative effort was applied. The detection problem is difficult but not insoluble.

The standard of proof must be higher where the individual is an employee than where he is merely an applicant. There may be additional considerations of personnel policy which call for a greater investigative effort and competence in certain types of applicants than others. 4

### Administration Concentration of Effort

The same standard of proof was applied to high and low salaried individuals where items of ideology and affiliations with "front" organizations were involved. In many cases the problem seemed to be one of personnel policy rather than departmental security. The lack of sufficient personnel, etc, call for a practical distinction between types of cases and, therefore, between standards of proof. It may be desired, in order to achieve a maximum concentration of effort on important cases, to reject "out of hand" applicants in certain categories where the record contained unsolved issues bearing on security. This type of case would consist of new applicants for employment in positions that could easily be filled by other applicants of equal ability without raising questions of public policy, such as messengers, clerical help, etc.

It was further indicated that Foreign Service officers and professional experts should be subjected to the most thorough investigation and to higher standards of proof. The Department could not be permitted, from a policy standpoint, to reduce to the employment of insipid, colorless individuals without intellectual curiosity or idealism, merely because it was administratively difficult to make the investigation necessary to prove or disprove ambiguous evidence, such as membership in the Washington Book Shop.

Guilt by Association—Standard of Proof

Association with persons under suspicion must not be casual friendship but must be close and intimate. It must be concluded that the two are engaged in the same conspiracy or share the same loyalty. This was true of membership in "front" organizations which are designed to attract innocents. Innocents are not unintelligent people but merely of good faith and good will, manipulated in subtle ways by professional persons. To say that the Department should not employ such persons raised the question of personnel policy.



### Future Importance of Standards of Proof

It was indicated that continued attempts to penetrate the Department would be made by persons who did not belong to "front" organizations and whose records as far as routine checks were clear. The standards of proof in special investigations must be different. The security officers of the Department must bear in mind the distinction between foreign agents and mere "joiners" and formulate a planned program of investigation to deal with this problem. The current standards of investigation are calculated to deal only with routine requirements and the investigative service of the Department is not adequate.

### Relations to FBI and Other Agencies

The investigating unit of the Department was not able to cope with attempts to penetrate the Department by planting agents of foreign intelligence organizations in the Department. The CSA investigation cannot discover such agents of foreign intelligence organizations and the investigation was limited to information from other agencies that did not have the Department's security needs as their purpose. It is indicated to cope with this problem the Department must utilize other agencies or expand their own facilities. The problem was to know the intelligence organizations and personnel of other governments operating in this country, so that the employees who would be used by such governments could be recognized.

The situation at that time, according to the report, was ludicrous and the Department organized precautionary security measures without knowledge of the matters, which could only be partially effective. The limited investigative facilities must be concentrated to avoid unproductive investment of personnel and time, and conserve the appropriations.

It was concluded that the intelligence system of foreign powers and their agents must be exposed by sound evidence. The investigative facilities used by the Department, primarily the FBI, has not produced such evidence. Moreover, each employee dismissed as an agent or probable agent must become the subject of an intensive security investigation to justify the dismissal.

### Nature of FBI's Cooperation

The FBI acts for the Department by way of accommodation and it cannot afford to be meticulous in its work in view of the demands by other agencies, etc. Furthermore, the FBI established its own priority on investigations and transmitted only such information as in the opinion of the FBI officials, would be properly known to the Department.

The information obtained from the FBI was not subjected by the FBI to the standards of proof, such as those applied to information collected for use of the Attorney General and courts. That which was requested of the FBI was not capable of proof. Whether a man was a member of the Communist Party was not unprovable since the FBI has penetrated or can penetrate the Party. Therefore, the FBI failed to provide proof that would stand up in court, which is simply evidence of the FBI's administrative limitation with respect to the work it does without statutory duty.

When FBI investigations served the needs of the Department, the fact still remained that the investigators were not subject to Departmental direction and control. Consequently, there was no means of evaluating the source. The alternative was to strengthen their own investigative services and utilize the services of other agencies such as Treasury and the Post Office Department. It was deemed imperative that there must be a thorough coordination of the government's intelligence and counter-intelligence investigations in order to provide information necessary for guidance of the Department's foreign and personnel policies. It is required, therefore, that an understanding must be made with the FBI, Department of Justice and CIG.

It was indicated that the F.I. Appropriations Act carried a provision that investigations should be made on behalf of the Secretary of State as well as the Attorney General. It was conceded that there were difficulties in effecting closer direction by the Department over the work of the FBI. The accommodation character of the FBI's service to the Department was not tolerable. The FBI must perform as a direct service of obligation to the Department or the Department could not fulfill its obligations.

#### Reorganization of the Present Departmental Facilities

The investigative personnel of the Department must be adequately trained in their work and also in such special fields as ideology. The staff of CON should be reorganized and trained in personnel policies, standards of security and in background information from sources in addition to the FBI.

The Security Committee methods were not those of a judicial body and was essentially a Committee of CON. Some of the members were lawyers, but not practicing lawyers and they did not act as judges. Most of them acted as investigators and prosecutors in the same cases which they judged. The Committee did not request additional information in cases where an element of doubt existed.



### III.

This portion of the report is concerned with case studies. The period selected was from June to July, 1946, during which 136 cases were closed by CSA. There were several examples cited in this section concerning applicants, for example, in one case a former editor of Amerasia was approved on the basis of general character study without any investigation of the applicant's knowledge of the internal policies and management of Amerasia.

Another applicant on transfer was reported as a risk because a former university instructor seemed reserved with respect to the applicant's loyalty.

In another case which involved a transferee of CIAA, the FBI at first reported that the applicant was a member of a group known as the Sacco-Vanzetti Club, but then reported that he merely received an invitation to attend a meeting and there was no evidence that he responded. Apparently, no further investigation was made in this case.

Applicants were disapproved for such reasons as overdressing, heavy drinking, indiscretion, and homo-sexuality.

The applicant investigation of Ida Wallack was discussed in the survey and the sources of information in the investigation were criticized and no effort was made by the investigators to check the authenticity of allegations against Wallack. For example, there appeared in the Wallack report a statement that Ida Wallack "apparently is a member of the Communist Party. She is a signer of the 1940 Communist nominating petition in Philadelphia, Pennsylvania." No source was given for that allegation.

Another case discussed was that of William Chaiken, whose case was based on the fact that the CSA digest of the Civil Service records disclosed that ten references given by Chaiken "were listed in the subversive files of a government agency and a number of these have been prominently identified with Communist front activities". There is also criticism of the characterization of some of the references as Communist. It was indicated that there had been considerable dispute as to the accuracy of the characterization. This applied also to organizations.

The next case discussed was that of Dorothy Cheney Goodwin, who had written a memorandum which gave the history of the investigation of her character by the Civil Service Commission in 1942, also her membership in the Cooperative Bookshop in Washington and her association with "an alleged Communist", which were in her investigative file. It is stated in the report that the conclusion that she was a member of a Communist front organization appeared to relate entirely to her membership in the Bookshop. It was noted that the disapproval was appealed by Miss Goodwin.

The next case was that of Penn Townsend Kimball, an applicant for the foreign service. It was noted that no FBI report had been received concerning him and when requested for the report, the FBI reported by telephone that in 1941, the PM unit of the New York Newspaper Guild had distributed a circular which defended a strike of the North American Aviation Company in California and that the name of Penn Townsend Kimball appeared on the circular. It was noted by the FBI that this strike prompted the President to furnish troops to protect the workers. Further request was made of the FBI for investigation, however, the report was not in the file at the time of the survey. Criticism was made of the vague language in the report concerning Kimball, who was rejected as a security risk. Furthermore, no investigation was made of the situation in PM or among his recent associates.

The Clarence John Nelson Case was also discussed and persons interviewed during the investigation of Nelson stated he was a "conscientious objector type", that while Nelson was in the Navy he once had a trunk which contained Communist and radical literature. It appeared that an official of CON had concluded the man was a Communist. It was not demonstrated that Nelson was an agent or a Communist Party member and the investigation did not establish either proposition on any standard of proof. This case, according to the report, raised the question whether an employee of the State Department should be permitted to remain if it was discovered that he showed an intellectual interest on problems of Socialism or Communism where it was not proved that he was affiliated or adhered to the programs of any groups.

#### General Comments

It was indicated in this portion of the survey that the foregoing cases were believed fair examples of the method and scope of investigation, review and decision of the standards of proof and of purpose applied in CSA, CON and the Security Committee.

Mr. Klaus stated that he concurred in the disapproval in the Chaiken case, not on the adequacy of the proof, but on the basis of administrative convenience to the Department.

#### IV.

This section contained the recommendations as a result of the survey. The recommendations were as follows:



A. The quality and scope of the investigation should be improved. Investigators and review officials should be schooled and reindoctrinated in the Department's standards of employment, foreign intelligence, Civil Service regulations, etc. The investigators should undertake imaginative, critical and more difficult investigation rather than compel the Department to rely upon other agencies such as the FBI. More discriminate use should be made of investigations conducted by other agencies such as the FBI and the possibility should be explored of using additional agencies such as Treasury and CIG.

B. Intelligence coordination should be enlarged and improved. The evaluators in CON should be trained in evidence and the application of standards to fact. Report writing in personnel cases should be improved in respect to the presentation of facts and conclusions.

C. Standards of employment and security should be frequently reformulated for the guidance of personnel and security officers.

D. The Security Committee should be abolished. The functions of adjudication should be divided between Personnel and CON. A new quasi-judicial body should be formed with established procedures.

E. The place of the Department in the entire counter intelligence field should be reexamined. Every case of rejection on evidence of foreign agencies should be a cause for counter intelligence consideration and report to the Department. Careful reexamination should be made of the FBI as an intelligence agency serving the Department and proper use of the facilities of CIG and other governmental agencies for the same purpose.

REPLY TO THE SURVEY OF KLAUS BY STATE DEPARTMENT OFFICER:

In April, 1947, the Bureau received a copy of a memorandum, entitled "The Story of Sammy", which was prepared by Mr. Dennis Flinn of the State Department, which repudiated the report prepared by Klaus. In this document the report of Klaus is analyzed in sections and the report of Klaus is described as "an amazing document of half-truths, ineunos, fussy thinking and downright mis-statement". For example, in the Klaus report there was a statement as to the investigation of financial connections. Mr. Flinn indicated in his reply that it was the first time he had ever seen "financial disability" as a qualifying factor in the field of security.

As to the criticism in Klaus' survey regarding the availability of FBI reports on a personal basis, it is stated that these reports were

furnished on a liaison basis for limited distribution because they pertained to current cases under investigation by the FBI. Bias toward the F.B.I. was apparent in the report and the author regretted the dependence on the F.B.I. by the Department and that no control was exercised over the F.B.I. investigations. It was pointed out that the special inquiries made by the FBI were a matter of accommodation and not a duty and no control was exercised by the Department.

Mr. Flinn stated that the Attorney General, War and other departments, depended heavily upon the FBI in the security intelligence field and access to reports. It was indicated that Klaus desired to embarrass the Department's relation with the FBI and compromise their sources. Klaus referred to a chart prepared by the FBI ostensibly showing Soviet agents, Party members, etc. in the Department, which Mr. Flinn stated was actually prepared by the Department on the basis of information available from all sources.

The document compiled by Mr. Flinn refuted the Klaus report practically in its entirety.

#### ANALYSIS BY THE BUREAU:

In a memorandum to you from Mr. E. G. Fitch dated April 2, 1947, concerning the Klaus report it was stated that many portions of the report dealt in misstatements and half truths concerning the Bureau, specifically when it dealt with the Bureau not being in position to back up the information supplied to the State Department.

An analysis was made of the Klaus report by memorandum to you from Mr. Fitch, dated April 14, 1947, from information contained in the reply by Mr. Flinn. The original report compiled by Klaus was not available at that time. The charges made by Klaus concerning the Bureau were set forth and comments were made of the true facts concerning the charges. (62-39749-847).

## Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Louis Nichols, Assistant Director  
Federal Bureau of Investigation

FROM : The Attorney General

DATE: June 29, 1950

SUBJECT:

I think it more accurate to answer Senator McCarthy  
in the manner I have indicated by amendment to your draft. *attached*

I want to call your attention to the fact that nowhere in Mr.  
Ford's letter did he indicate even by inference that the FBI  
had made an examination of these records.

RECORDED - 51

121-23278-191

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*no*

*Comments on the State Department*

*2 ENCL 51*

Honorable Joseph R. McCarthy  
United States Senate  
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950, inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

For your information, the Federal Bureau of Investigation furnished Mr. Ford, at his request, a record of all loyalty material furnished the State Department in the 81 cases referred to. For your further information, I am enclosing a copy of Mr. Ford's letter to Senator Tydings which I have secured from the Attorney General.

Sincerely yours,

121-23278-191

ENCLOSURE

June 16, 1950

Honorable Millard E. Tydings  
United States Senate  
Washington, D. C.

My dear Senator:

This will refer to your letter of May 8, 1950, with regard to the loyalty files of the State Department relative to the so-called "81 individuals" identified through numbers by Senator McCarthy in his speech on the Senate floor on February 20, 1950, and identified by name in the "subpoena" of the Senate Sub-Committee.

Following are the names of the individuals whose State Department files are being made available to your Sub-Committee:

Herbert Abner Fierst  
John Carter Vincent  
Peeveril Meigs  
Gizella Illeyefalvi-Vitez  
Jay Robinson  
Frances Myrle Tuchscher  
Marcia Ruth Harrison  
Stanley Graze  
David Demarest Lloyd  
Margery Snowden Posner  
Mabel Frances Ferry  
Helene Yuhas  
Carleton Wolsey Washburne  
E. Theodore Arndt  
Robert Talbott Miller, III  
Jeanne H. Taylor  
Edythe J. Lemon  
Hans Herman Landsberg  
Samuel Stephenson Smith  
Gerald Graze  
Joseph Josephson  
Louis Ross (Lewis Ross)

121-23278-191



Robert Ross  
 Herman Siegel  
 Ella Morris Montague  
 Melvin Shell (Melville Shell)  
 Frederic William Smith  
 Olga Vladimer Osnatch  
 Arthur Milton Kaufman  
 Max Abraham Volin  
 Estelle Gordon (Stella Gordon)  
 Daniel Franks Margolies  
 Gottfried Thomas Mann  
 Sam Fishback  
 William Draper Carter  
 Norman Theodore Ness  
 William Treadwell Stone  
 Dr. Esther Caukin Brunauer  
 Robert Warren Barnett  
 Patricia Glover Barnett  
 Sylvia Schimmel  
 Rowena Sheldon Bellows Rommel  
 Philip Ratne  
 Richard Howell Post  
 Val Rogin Lorwin  
 Gertrude Grimwood Cameron  
 Paul Alexander Lifantieff-Lee  
 Fred Warner Neal  
 Lois Carlisle  
 Cora Alice Dubois  
 Alice Margaret Demerjian  
 Isham William Perkins  
 Stanley Wilcox  
 Hollis William Peter  
 Victor Myron Hunt  
 David Randolph  
 John Richard Lindsey  
 Aaron Jack Gross  
 Sylvia Clementina Maguite  
 Harold Berman  
 Stoin Dimitar Stoitianoff  
 Leonard Horwin  
 Joseph Thaddeus Jankowski  
 Preston Keesling Lewis  
 Joseph T. Forno  
 Andrew Martin Kamarck  
 Theophylactos Achilles Polyzoides

John Tipton Fishburn  
Ruby Parson  
Franz Leopold Neumann

The Federal Bureau of Investigation furnished me a record of all loyalty material furnished the State Department in these cases. The State Department files have been checked, and I can assure you that all of the reports and memoranda furnished the State Department are contained in the files.

Yours sincerely,

Peyton Ford  
Deputy Attorney General

CWP:ms



## Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. TOLSON

DATE: June 29, 1950

FROM : L. B. NICHOLS

SUBJECT:

*Communists In The State Department*

While I was out to lunch, the Attorney General called. I returned the call immediately upon returning.

Mr. Tolson	
Mr. Clegg	
Mr. Glavin	
Mr. Ladd	
Mr. Nichols	
Mr. Rosen	
Mr. Tracy	
Mr. Egan	
Mr. Gurnea	
Mr. Harbo	
Mr. Mohr	
Mr. Pennington	
Mr. Quinn Tamm	
Tele. Room	
Mr. Nease	
Miss Holmes	
Miss Gandy	

He stated that Miss Fanebust had told him we had a letter to Senator McCarthy and he wondered if that was something he had to personally pass upon. I told him obviously Mr. Hoover would want to do him the courtesy of letting him see such a letter in view of the public interest and the public statements of McCarthy.

He then stated: "Do I have to say it is all right to send the letter?" Then, in a joking manner, he said: "That is exactly what I am trying to avoid."

I told him if he interposed no objection to the letter, it would be satisfactory to us as our letter was a direct answer to McCarthy, it was innocuous, non-committal, and only went as far as absolutely necessary.

He then asked if it was our understanding that Ford wrote a letter to Tydings stating the FBI had examined State Department files. I told him all we knew about this was what we read in the paper.

He then referred again to the letter and asked if this was the thing we were in a controversy with Ford on. I told him the controversy with Ford had to do with John Stewart Service.

He said obviously the Bureau had to answer McCarthy and had to give a factual answer to McCarthy and wondered if he should call Ford and ask Ford for a copy of the letter Ford sent to Tydings. I told him this, of course, was a matter for him.

He stated that he personally didn't want to get in any controversy. I told him we weren't trying to involve him in any controversy and wouldn't do that, that we merely brought the letter around to him as a matter of courtesy and so he could interpose an objection if he desired.

He stated he would call for the letter Ford wrote and he would clear the letter this afternoon.

LBN:FML

RECORDED - 51

V21-23278-192

Letter to McCarthy  
7/1/50  
7/1/50

note attached  
memo from

55 JUL 24 1950

July 10, 1950

RECORDED - 51

121-23278-192

INDEXED - 51

Honorable Joseph R. McCarthy  
United States Senate  
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950 inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

The Federal Bureau of Investigation has made no such examination and therefore is not in a position to make any statement concerning the completeness or incompleteness of the State Department files.

For your information, the Federal Bureau of Investigation furnished Mr. Ford, at his request, record of all loyalty material furnished the State Department in the 81 cases referred to. For your further information, I am enclosing a copy of Mr. Ford letter to Senator Tydings which I have secured from the Attorney General.

Sincerely yours,

Enclosure

BY SPECIAL MESSENGER

Tolson  
Ladd  
Clegg  
Glavin  
Nichols  
Rosen  
Tracy  
Harbo  
Mohr  
Tele. Room  
Nease  
Gandy

Sent by  
hand  
7-10  
1 pm

This was left with Mr. Fred Kilguss, on 7/10, who exhibited it to the Attorney General. Mr. Kilguss later returned it, advising that the Attorney General had said, "This is fine--just as I understood it."

DMT

RECEIVED DIRECTOR  
FBI  
JUL 10 12 14 PM '50  
U.S. DEPT. OF JUSTICE

RECEIVED READING ROOM  
FBI  
JUN 30 1 07 PM '50  
U.S. DEPT. OF JUSTICE



Federal Bureau of Investigation  
United States Department of Justice  
Washington 25, D. C.

June 28, 1950

Honorable Joseph R. McCarthy  
United States Senate  
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950, inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

~~For your information,~~ the Federal Bureau of Investigation has made no such examination and therefore is not in a position to make any statement concerning the completeness or incompleteness of the State Department files. 2

Sincerely yours,

*J. Edgar Hoover*

June 28, 1950

Honorable Joseph R. McCarthy  
United States Senate  
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950, inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

For your information, the Federal Bureau of Investigation has made no such examination and therefore is not in a position to make any statement concerning the completeness or incompleteness of the State Department files.

Sincerely yours,

*opened by Nichols*

CT : DSS

JUN 28 12 14 PM '50  
U. S. DEPT. OF JUSTICE  
RECEIVED - DIRECTOR

RECEIVED DIRECTOR  
F B I  
U. S. DEPT. OF JUSTICE  
JUN 28 12 07 PM '50

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Harbo \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

## Office Memorandum • UNITED STATES GOVERNMENT

TO : THE DIRECTOR

DATE: July 14, 1950

FROM : D. M. Ladd

SUBJECT: REVIEW OF STATE DEPARTMENT FILES  
IN CONNECTION WITH ALLEGATIONS BY  
SENATOR JOSEPH R. MCCARTHY

Tolson \_\_\_\_\_  
 Ladd \_\_\_\_\_  
 Clegg \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

Mr. Peyton Ford called and stated that the Attorney General had directed that he write a letter to Senator Tydings based upon our memorandum reporting the results of a check we made on State Department files; that the Attorney General, of course, wanted to help Tydings as much as possible and had outlined how the letter should be prepared; namely, limiting it to that material which we had furnished to the State Department; that Clive Palmer was with him and he wanted us to look at the letter. I told him that we had our memorandum and any letter they wanted to write was up to them. He stated he had a form he wanted to show to us and accordingly, Mr. Palmer brought the letter up, which was reviewed by Messrs. Laughlin, Johnson, Ladd and Nichols.

The letter was brief, and points out that the Attorney General has requested the FBI to make an investigation to determine if the State Department files were complete; that the FBI had made such an investigation; that the files were complete except in three instances. The letter also referred to Peyton Ford's letter to the inventory of material we had furnished the Department and to Ford's report that the files were complete. The three exceptions were as follows:

The exception noted that the file was complete except that no record appeared therein of data furnished orally on January 17, 1946, and October 24, 1946.

Case 51 - ROWENA ROMMEL

The file was complete except summary data furnished May 13, 1947, was not in the file although the substance of the summary data was set forth in State Department, investigative reports.

Case 16 - ROBERT TALBOT MILLER, III

There was a question mark on the letter between cases 14 and 51 and Palmer advised that they had missed Case 16, which they would put in when the letter was retyped. This refers to Robert Talbot Miller, III. The file was complete except that there was no record

LBN:DML:dad



Archival Authority for Appending  
66-19087-191  
10/4/82  
Cone/PS

RECEIVED-NICHOLS  
F B I  
U S DEPT OF JUSTICE

JUL 14 7 35 PM '50

JUL 14 5 44 PM '50  
RECEIVED-TOLSON  
F B I  
U S DEPT OF JUSTICE

RECEIVED  
FALTY SECTION

JUL 14 2 32 PM '50

JUL 14 4 47 PM '50  
RECEIVED-TOLSON  
F B I  
U S DEPT OF JUSTICE

JUL 24 12 57 PM '50  
REC'D BELMONT  
F. B. I.  
DEPT. OF JUSTICE

of information furnished orally on July 8, 1944.

Objection was made to Mr. Palmer as to the correctness of the reference "FBI Investigation".

It was pointed out that had an investigation been made, it would have been necessary to check each report in the Bureau's files against the State Department, page by page, paragraph by paragraph. This couldn't be called an investigation. He stated he would change this to "examination".

We told him that the matter of the letter was up to him and we would defer it to them.

The letter is factually accurate. It confines itself to those memoranda and reports furnished to the State Department and disregards those sent to other agencies which were not of course in the State Department's files.

M



Office of the Attorney General

Washington, D.C.

July 12, 1950

Mr. Tolson	
Mr. Ladd	
Mr. Clegg	
Mr. Glavin	
Mr. Nichols	
Mr. Rosen	
Mr. Tracy	
Mr. Harbo	
Mr. Belmont	
Mr. Mohr	
Tele. Room	
Mr. Nease	
Miss Gandy	

MEMORANDUM FOR MR. J. EDGAR HOOVER, DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

In view of Senator McCarthy's public charge in a letter which he sent to President Truman that the State Department personnel files in the so-called 81 cases which were reviewed by the Tydings Committee were deliberately stripped of derogatory data in 1946, I request that the Bureau immediately cause an examination of these 81 files to be made and report to me whether or not it finds any material furnished by the Bureau to be missing therefrom. and whether the Department is in possession of any information indicating that State Department personnel files were deliberately stripped of derogatory data at any time.

I would appreciate being advised by Friday, July 14, 1950.

*J. Howard McGrath*

J. Howard McGrath  
Attorney General

RECORDED - 72

121-23278-194

JUL 20 1950

DEPT. OF JUSTICE  
FBI  
RECEIVED-7/20/50

cc. to Mr. Ladd.

7/13/50  
Memo to Director  
+ AG  
L.H. HRS/mew

ENCLOSURE

ENCLOSURE



121-23278-194



The Attorney General

Director, FBI

APPROPRIATE AGENCIES  
AND FIELD OFFICES  
ADVISED BY ROUTING  
SLIP(S) OF DECLASS  
DATE 4-27-78 kgf

July 13, 1950

REVIEW OF STATE DEPARTMENT FILES  
IN CONNECTION WITH ALLEGATIONS BY  
SENATOR JOSEPH R. MCCARTHY

DECLASSIFIED BY 2909

ON 4/13/78 DPJ/DLC

RECORDED - 72 121-23272-194

In accordance with the request contained in your memorandum of July 12, 1950, representatives of this Bureau, in the presence of Mr. Clive Palmer of the Department, and Messrs. Donald L. Nicholson and Joseph Amshay of the Department of State, today at the White House reviewed State Department files on persons against whom allegations have been made by Senator Joseph R. McCarthy.

For your information, only seventy files of the eighty-one mentioned by Senator McCarthy were actually available for examination. Mr. Nicholson of the State Department explained that Senator McCarthy's Case No. 72 had never been identified by him and that ten of the remaining 80 case files were not made available by the President to the members of the Tydings Subcommittee for examination. According to Mr. Nicholson, these ten cases were not among the 108 cases originally examined by investigators of the Subcommittee of the House Appropriations Committee in connection with the State Department Appropriation Bill for 1949; and President Truman only made available to members of the Tydings Subcommittee those cases which were included in the 108 cases previously examined. Mr. Nicholson identified the above-mentioned ten cases as: Nelson Chipchin, Lowell Melcher Clucas, Nacio Fernandez Delgado, Tegner Conrad Grendahl, Philip Caryl Jessup, Ivan Katusich, Esther Kopelewich, nee Less, Edward George Posniak, Alexander J. Rapoport, and William Walter Remington.

Bureau representatives used as the basis of their review of the seventy files the information contained in my memorandum dated May 15, 1950, to Mr. Peyton Ford, which reflected a summary of the material furnished by this Bureau to the State Department, Civil Service Commission, and the Loyalty Review Board. In thirteen cases material transmitted by the Bureau to the Loyalty Review Board and the Civil Service Commission in recent months was not in the files. The State Department representatives explained that their files on these individuals were impounded by the President "around February 20, 1950." For a time after that date, according to the State Department representatives, these files were in the possession of the Loyalty Review Board and while some of the material addressed to the Loyalty Review Board from the Bureau and received subsequent to February 20, 1950, has been filed, all of it has not been.

There were six instances among these seventy cases in which the Bureau conducted Loyalty investigations on the individuals involved who at one time were State Department employees but at the time of the investigation were employed in some other Governmental agency. In these cases, copies of the Bureau's Loyalty reports were not in the State Department files.

SENT FROM D. O. A.

TIME 11:28 AM

DATE 7-14-50

BY Law

LLL:NRJ:hmb:mer

RECEIVED - 1177 AB  
JUL 18 10 54 AM '50

In five of the seventy cases, according to the Bureau's records, Special Inquiry type investigations were conducted by the Bureau for the Office of Coordinator of Information, predecessor organization to the Office of War Information. These employees apparently were transferred to the State Department although copies of the Bureau's reports reflecting these investigations are not in the State Department files.

Our examination of these files was limited, of course, to checking the material provided by this Bureau since we have no knowledge of what other information should be contained in these files.

Attached for your information is a case by case analysis of the seventy files examined.

With regard to your inquiry as to whether the Bureau is in possession of any information indicating that the State Department personnel files were deliberately stripped of derogatory data at any time, the only information available to this Bureau concerning this is that reflected in the statement dated July 11, 1950, furnished to Senator McCarthy by [redacted], [redacted] in the State Department and now a Special Agent of the FBI. A photostatic copy of this statement is appended for your information.

b6  
b7C

Enclosure

~~CONFIDENTIAL~~

NAME

McCARTHY  
LIST

098024

~~007354~~

<del>████████████████████</del>	
BARNETT, Patricia	48 and 49
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BRUNAUER, Esther C.	47
CAMERON, Gertrude	55
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CARTER, William D.	44
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EX-8765

DECLASSIFIED BY 2909  
ON 4/13/78 DRS/ARC

121-23278-195

NOT RECORDED  
JUL 17 1950

~~CONFIDENTIAL~~

57

~~CONFIDENTIAL~~

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✓ ILLYEVALVI-VITEZ, Gizella	4
✓ JANKOWSKI, Joseph T.	74
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✓ KAUFMAN, Arthur Milton	38
✓ LANDSBERG, Hans H.	28
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✓ LIES, Mrs.	24
✓ (KUPPELEICH, Esther (less))	
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✓ LIBANTIERE-LEE, Paul A.	56
✓ LINDSEY, John Richard	67
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✓ MACGITE, Sylvia	69
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✓ MARGOLIES, Daniel F.	41
✓ MEDICS, Feyeril	3
✓ MILLER, Robert T.	16
✓ MONTAGUE, Ella M.	34
✓ NEAL, Fred Warner	57
✓ NESS, Norman T.	45
✓ NEULMANN, Franz Leopold	59

098025

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

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RAINE, Philip	52
RANDOLPH (Mosenberg), David	66
RAPOPORT, Alexander	22
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ROMMEL, Rowena	51
ROSS, Louis	31
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SCHIMMEL, Sylvia	50
SHELL, Melvin	35
SIZOEL, Herman	33
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SMITH, Samuel Stephenson	20
STOIANOFF, Stolan	71
STONE, William T.	46
TAYLOR, Jeanne H.	17
TUCHSCHER, Frances M.	6
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098026

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NAME

MCCARTHY  
LIST

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<del>/</del> WASHBURN, John T.	80	
<del>/</del> WASHBURN, Carleton Wolsey	13	
<del>/</del> WILCOX, Stanley	63	
<del>/</del> YUHAS, Helene	12	

~~CONFIDENTIAL~~

## Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: July 11, 1950

FROM : D. M. Ladd

SUBJECT: SUBCOMMITTEE OF THE SENATE FOREIGN  
RELATIONS COMMITTEE  
LOYALTY OF GOVERNMENT EMPLOYEESALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE

Tolson

Ladd

Clegg

Glavin

Nichols

Rosen

Tracy

Harbo

Belmont

Mohr

Tele. Room

Nease

Gandy

PURPOSE

To submit for your information the results of a review of the proposed report of the Subcommittee of the Senate Foreign Relations Committee concerning information appearing therein which directly relates to the FBI or FBI personnel, and to also highlight comments of the Subcommittee.

BACKGROUND

At 4:50 PM on July 10, 1950, a copy of the proposed report of the Subcommittee of the Senate Foreign Relations Committee was made available to the Bureau on a highly confidential basis, it being stipulated that no copies should be made nor any notations made thereon.

This proposed report and the attached appendices (consisting of 337 pages in all) have been reviewed for information which directly relates to the FBI or FBI personnel, special emphasis having been placed on such information as reflects adversely on the Bureau. In this connection, however, it is noted that page sixty-two of the proposed report, as submitted to the Bureau, was missing and therefore could not be reviewed.

In making this review, no attempt has been made to compare the conclusions set forth in the proposed report with the facts as contained in Bureau files, and other than those which directly concern the Bureau no attempt has been made to establish the accuracy or inaccuracy of statements appearing therein.

Generally, throughout the proposed report, references made to the FBI or FBI personnel are commendatory. The findings and conclusions of the Subcommittee are generally favorable to the individuals charged by Senator McCarthy, and no recommendations for dismissal are made.

ACTIONENCLOSUREAttachmentEMG:EFF ADDENDUM

- July 11, 1950

The attached memorandum is submitted for your information.

Your attention is particularly called to page 6 of the

52 AUG 17 1950

RECORDED - 103

RECORDED - 103

RECORDED - 103

RECORDED - 25

INDEXED - 103

RECORDED - 25

INDEXED - 103

I think  
Morgan  
should

be  
straightened  
out on  
this

Done  
11:15 am  
7-11

This is  
the way  
we  
wanted  
it.

*Laurel*  
attached memorandum wherein ~~it~~ is set forth a statement with reference to McCarthy's charge about the stripping of the State Department's files indicating that "the files were reviewed by Agents of the FBI and the Department of Justice ....". This, of course, is incorrect. P11

On page 16 of the attached memorandum, it is pointed out that the Department of Justice has advised the Department of State that Mr. Hoover never made the widely publicized statement that it was a one hundred per cent airtight case against the Amerasia defendants. This of course is an incorrect statement and while the Department has been advised of the inaccuracy of this, the Committee has not.

On page 26 of this memorandum, it is noted that the letter from the Director to the State Department with reference to the chart prepared by Sam Klaus was set forth in full.

With reference to the Amerasia Case on page 30 of the attached memorandum, it is set forth that representatives of the Criminal Division conferred with FBI officials on the morning of September 28, 1945, and it was generally agreed that the case was in serious jeopardy. A number of suggestions were made and discarded. This leaves the erroneous impression that the Bureau might have concurred in the Department's handling of the prosecution.

It is pointed out that the full testimony of the Bureau's representatives is not set forth in the report. Excerpts from the testimony are mentioned in the footnotes.

It is noted that the question, which was 7B in the testimony, was changed. This question is quoted and reads "Was evidence sought and obtained by entering the apartment and premises of the accused without legal process and without the knowledge of the accused." Mr. Nichols' answer was then quoted.

The next question is worded "Were these entries of the premises before arrests made by the Agents without legal process and without the knowledge of the subjects." The words "surreptitiously" and "stealthily" are not used.



July 11, 1950

STATE DEPARTMENT EMPLOYEE LOYALTY  
INVESTIGATION

REPORT  
of a  
SUBCOMMITTEE OF THE  
COMMITTEE ON FOREIGN RELATIONS

Pursuant to

S. Res. 231

A RESOLUTION TO INVESTIGATE WHETHER THERE  
ARE EMPLOYEES IN THE STATE DEPARTMENT  
DISLOYAL TO THE UNITED STATES

151-23278-196

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STATE DEPARTMENT EMPLOYEE LOYALTY  
INVESTIGATION

REPORT  
of a  
SUBCOMMITTEE OF THE  
COMMITTEE ON FOREIGN RELATIONS

Pursuant to

S. Res. 231

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE

A RESOLUTION TO INVESTIGATE WHETHER THERE  
ARE EMPLOYEES IN THE STATE DEPARTMENT  
DISLOYAL TO THE UNITED STATES

Subcommittee on Senate Resolution 231

MILLARD E. TYDINGS, Maryland, Chairman  
THEODORE FRANCIS GREEN, Rhode Island      BOURKE B. HICKENLOOPER, Iowa  
BRIEN McMAHON, Connecticut      HENRY CABOT LODGE, Jr., Massachusetts  
Edward P. Morgan, Chief Counsel  
Robert L. Heald, Assistant Counsel  
William J. Klina, Assistant Counsel  
Robert Morris, Assistant Counsel  
Lyon L. Tyler, Assistant Counsel

INTRODUCTION

Under the introduction of this report, it is pointed out that on February 22, 1950, the Senate adopted Resolution 231, authorizing and directing the Senate Committee on Foreign Relations, or any subcommittee thereof, to conduct a full and complete study and investigation as to whether persons who are disloyal to the United States are or have been employed by the Department of State. The Committee was directed to report to the Senate at earliest practicable date results of investigation and recommendations. If recommendations included formal charges of disloyalty, the Committee, before making recommendation was directed to give the individual open hearings for purpose of taking evidence or testimony. In the conduct of this study and investigation, the Resolution directed the Committee to procure by subpoena and examine complete

loyalty and employment files and records of employees of State Department and such other agencies against whom charges have been heard.

Pursuant to Res. 231, a subcommittee of the Senate Foreign Relations Committee, comprised of Senators Tydings (Chairman), Green, McMahon, Hickenlooper and Lodge, was appointed to conduct the investigation. Beginning with public hearings on March 8, 1950, public or executive hearings were held on 31 subsequent days, ending on July 7, 1950, during the course of which 35 witnesses appeared. Additionally, a special subcommittee consisting of Senators Green and Lodge interrogated a total of 34 witnesses both in the United States and abroad.

The report called attention to the circumstances behind the Resolution, referring to Senator McCarthy's speech on February 9, 1950, at Wheeling, West Virginia, when he allegedly stated that although he could not take the time to name all the men in the State Department who had been named as active members of the Communist Party and members of a spy ring, he had in his hand a list of 205 names that were made known to the Secretary of State as being members of the Communist Party and who nevertheless were still working and shaping policy in the State Department; further, that in an interview over a radio station at Salt Lake City, Utah, on February 10, 1950, McCarthy said, "Last night I discussed the Communists in the State Department. I stated I had the names of 57 card carrying members of the Communist Party." Considerable attention is directed to the fact that the number and characterization of Communists in the State Department had dropped over night from 205 "named as active members of the Communist Party and members of a spy ring" to "57 card carrying members of the Communist Party." The report relates that since Senator McCarthy had left the unmistakable inference he had recently obtained from unrevealed sources in the State Department the information he was presenting, despite the inconsistencies apparent from the outset, an immediate and thorough investigation was necessary. Accordingly, Senate Resolution 231 introduced by Senator Scott W. Lucas was adopted.

CONCEPTION OF THE SUBCOMMITTEE'S DUTY  
(Pages 4 - 5)

It is pointed out that Res. 231 was the result of McCarthy's charges and the inquiry contemplated utilization of and development of information which McCarthy had assured he had recently obtained; that the Committee had not conceived its function to be that of superceding the Federal Bureau of Investigation in its investigations of the loyalty of Federal employees or of the House Committee on un-American Activities.



INITIAL PHASE OF THE INQUIRY  
(Pages 5-6)

According to the report, the first witness to appear before the subcommittee was Senator McCarthy who, according to the report, had no evidence whatever to submit concerning the individuals discussed by him previously but insisted the evidence to support the charges would be found in the loyalty files maintained in the Executive Branch of the Government. The report points out this was both interesting and significant since it was well known that under the President's Directive of March 13, 1948, the release of information developed concerning employees incident to the Loyalty Program was prohibited. The report stated from the very outset the subcommittee was subjected by Senator McCarthy and certain segments of the press and radio to a campaign of villification probably unparalleled in the history of Congressional investigations; that the unwarranted cry "whitewash" was raised even before the hearing started and equally unfair and malicious allegations were made throughout the proceedings.

THE STORY OF THE "81 CASES"  
(Pages 6-9)

This section of the report refers to the investigation of 108 loyalty files of the State Department conducted in 1947 by investigators for a subcommittee of the House Committee on Appropriations in connection with the State Department's Appropriation Bill for 1948. It points out that a case by case analysis by the Tydings Subcommittee of the 81 Cases referred to by Senator McCarthy on February 20, 1950, revealed that all 81 cases were included in the "108 list"; that language employed by Senator McCarthy in his "81 Cases" is similar textually to the language used in the counterpart cases appearing in the "108 list"; that where variations in the case descriptions used by Senator McCarthy occur, the language had been changed by Senator McCarthy to create a more sinister impression and where he changed the facts in the case descriptions he had changed them to create worse impressions. The report further points out that a review of the 108 memoranda prepared by the House investigators in 1947 shows that they were limited to derogatory information appearing in the files without reference to information tending to disprove allegations and did not appear to be concerned with the merits of the cases but dealt merely with the basis for or inadequacy of the investigations.

The report comments that Senator McCarthy's speech before the Senate on February 20, 1950, constituted a perversion compounded of the State Department's loyalty files in terms of the situation that prevailed not in 1950 but back in 1947 and that Senator McCarthy had received no under-cover information from "loyal" or "disturbed" State Department employees as he led the Senate to believe but his information was beyond all reasonable doubt a "dressed up" version of material developed by the 80th Congress.

The Tydings Committee report brings out that it was confronted with the annoying spectacle of four different committees of the 80th Congress, which was controlled by Senator McCarthy's own Party, having considered the very same files and information which provided the predicate for the McCarthy charges, with none of these committees so much as regarding the situation as one meriting a report for citing a single State Department employee as disloyal. The four committees of the 80th Congress referred to are specified as being the subcommittee of the House Appropriations Committee, 80th Congress which originally considered the list of "108 cases," a subcommittee of the House Committee on Expenditures in the Executive Departments which held hearings in March, 1948, regarding handling of loyalty cases by the State Department, a "Committee of One" (Representative Bartel J. Jonkman, Republican, Michigan) who made a probe into State Department security and reported thereon to the House on August 2, 1948, and a subcommittee of the Senate Appropriations Committee, 80th Congress which, being cognizant of the memoranda of the "108 Cases" had examined Secretary of State George C. Marshall regarding the State Department's loyalty program.

Mention is made of the fact that Mr. John E. Peurifoy of the State Department, in testifying regarding the "108 Cases" before the subcommittee of the House Committee on Expenditures in Executive Departments, 80th Congress, pointed out that only 57 of the 108 individuals were then employed in the State Department. From this the Tydings Subcommittee states that it is clear Senator McCarthy's reference to "57 card-carrying members of the Communist Party" was actually a reference to the 57 State Department employees mentioned by Mr. Peurifoy.

REVIEW OF LOYALTY FILES  
(Pages 9 to 12)

In this section of the report, mention is made of the review of the files concerning the individuals charged by Senator McCarthy in his speech before the Senate on February 20, 1950, made by members of the Tydings Subcommittee at the White House. It is pointed out that in reviewing the files the Committee members recognized that they sat in judgment on the work of the FBI, the State Department Security Staff, the State Department Loyalty and Security Board and in some instances the President's Loyalty Review Board, representatives of which agencies had previously appeared before the Committee and impressed the Committee with their background, character, integrity, and manifest patriotism; that to assume any one of these representatives would have been a part to or have countenanced in any way harboring in the State Department of persons disloyal to the United States would not only have been absurd but unwarranted. However, the Committee was also mindful of the charge implicit in Senator McCarthy's allegations that an individual or individuals responsible for ferreting out disloyal employees, deliberately or otherwise, failed to perform his or their official duties. The Committee also realized that the officials responsible for making a determination of an employee's loyalty were in a much more favorable position to make such a determination and the function of the Committee was properly that of passing judgment on an administrative finding not unlike the function of an appellate court. A third consideration of the Committee in reviewing these files was the standards and criteria laid down under the Loyalty Program.

The following quoted comments of the Committee as they appear in its report illustrate the general findings of the Committee as a result of its review of the files in question and also illustrate comments of interest made by the Committee and pertinent references to the FBI:

"With the foregoing considerations in mind, we have carefully and conscientiously reviewed each and every one of the loyalty files relative to the individuals charged by Senator McCarthy. In no instance was any one of them now employed in the State Department found to be a 'card carrying Communist,' a member of the Communist Party or 'loyal to the Communist Party.' Furthermore, in no instance have we found

"in our considered judgment that the decision to grant loyalty or/and security clearance has been erroneously or improperly made in the light of existing loyalty standards."

.....  
"What we have found have been meticulous and comprehensive investigations conducted by the FBI. These investigations have been exhaustive and provide, in so far as humanly possible, a thorough going exploration of every avenue through which an employee's background and loyalty may be pursued and determined. The files reflect a similar thoroughness on the part of the State Department's Security Staff. Where loyalty hearings have been involved, the proceedings have been pertinent and comprehensive in contemplation of the issues involved."

.....  
"We are fully satisfied, therefore, on the basis of our study of the loyalty files, that the State Department has not knowingly retained, in its employ, individuals who have been disloyal."

.....  
"What the State Department knows concerning an employee's loyalty is to be found in its loyalty and security files. These files contain all information bearing on loyalty, obtained from any and all sources, including, of course, the reports of full field investigation by the FBI. Interestingly, in this regard, no sooner had the President indicated that the files would be available for review by the Subcommittee than Senator McCarthy charged they were being 'raped,' altered, or otherwise subjected to a 'housecleaning.' This charge was found to be utterly without foundation in fact. The files were reviewed by Agents of the FBI and the Department of Justice has testified that all information bearing on the employee's loyalty, as developed by the FBI, appears in the files which were reviewed by the Subcommittee." (The underlining has been added to highlight this particular comment as it appears in the Tydings Report, since the comment implies that Bureau Agents actually reviewed the files of the State Department on the individuals involved for the purpose of ascertaining whether they were complete. We, of course, did not review the State Department



files for this purpose but did make a review of the Bureau's files for the purpose of furnishing to the Attorney General a brief specifying Bureau correspondence whereby information concerning these individuals had been furnished to the State Department and the Civil Service Commission. This brief was requested by Mr. Peyton Ford to assist the Attorney General in preparing a letter addressed to the Tydings Subcommittee, concerning the cases named on a "Subpoena List" received by the Justice Department from the Tydings Subcommittee. It is interesting to note that the Tydings report footnotes the comment underlined above by referring to a letter from the Department of Justice dated June 16, 1950, "printed in the record.")

"The most amazing thing in connection with our review of the loyalty files made available to us by the President is the fact that Senator Hickenlooper read only 9 of the files and Senator Lodge 12. Despite, therefore, the clamor and demand that was raised by Senator McCarthy, along with his associates, and the assertion that the loyalty files would 'prove his case,' we find the most unbelievable situation of the members of Senator McCarthy's own Party on our Subcommittee taking the trouble to read only a very small percentage of the files made available for these examinations by the President."

.....

"Our review of the files reveals to us the value and necessity of the Loyalty Program.... We fully endorse the Program and feel that the necessity for perennial vigilance to prevent the penetration of our Government by those who would subvert and destroy it is of paramount importance.... The job is one to be performed in a quiet, sober, intelligent manner by those trained and competent for the task. We believe that in the FBI our Government has the finest investigative organization in the world under one of the most eminent and capable career public servants in this or any other generation, Mr. J. Edgar Hoover. They possess the ability in a quiet and unobtrusive manner to gather the facts concerning the loyalty of Federal employees and to keep abreast of and forestall the constant efforts of our enemies to place their minions in the Government service. Of this we are fully satisfied. Additionally, we have found, as heretofore suggested, no instance where officials in the State Department, charged with responsibility for taking action on the basis of disloyalty, have failed to do so where the facts as developed by the FBI have revealed evidence of a type and character warranting a finding of disloyalty or security risk under the standards which have been laid down for their guidance."

PROBLEM CONFRONTING THE STATE DEPARTMENT IN 1945 - 1946  
(Pages 12 - 18)

This section of the report refers to the fact that in order to appreciate the problem of security in the State Department and the true source of the charges that have been made, it is necessary to consider the situation with which the State Department was confronted in late 1945 and early 1946 following the end of hostilities. Briefly, it is pointed out that various emergency agencies were established during the war which employed some individuals whose connection in a Communist sense would bar them from employment today; that there was a shortage of civilian personnel during the war and it was impossible to conduct adequate investigation of a great number of employees; that the Soviet Union was our ally during the war but at the end of hostilities it became apparent the Soviet Union did not contemplate co-operation and friendly relations with democratic countries and that employees having Communist complexions who were tolerated where necessity required during the war had to be removed from Federal Service. It is pointed out that by various executive orders in late 1945 and early 1946, 12,797 employees of emergency war agencies (OSS, OWI, FEA) were transferred to the State Department and a screening committee established by the State Department to cull out the "rotten apples." The report quotes a statement on this entire problem submitted by the State Department showing the action taken with respect thereto. The Tydings Subcommittee comments that it is fully satisfied the State Department handled the inordinate personnel problem incident to the transfer of over 12,000 employees of other agencies in a capable manner and that every effort had been made to weed out disloyal employees.

HANDLING OF THE LOYALTY PROGRAM  
(Pages 18 - 25)

This section of the report is a discussion of the organization, personnel and procedures of the State Department, the Loyalty Security Board of the State Department, and the President's Loyalty Review Board. The procedures for handling of applicants and incumbents under the Loyalty Program and the summary dismissal power of the State Department provided by the McCarran Rider are discussed together with the standards applicable to each of these authorities. It is the conclusion of the Tydings Subcommittee that the Loyalty and Security Program of the State Department is being administered efficiently, fairly, and in the best interests of the government. The Subcommittee comments that in one respect the handling of applicants may be improved in that an applicant

is actually sworn in as an employee prior to a preliminary check with the Federal Bureau of Investigation. If this check reveals disloyal information the State Department must then resort to the full procedure under the Loyalty Program, whereas if made prior to employment and derogatory data is developed the State Department could then deny the application outright. A comment is also made by the Subcommittee that it feels the Loyalty Program in its entirety warrants study to determine whether it is deficient in that it recognizes only the disloyal standard.

PROBLEM OF STATE DEPARTMENT SECURITY  
(Page 25)

This section of the report merely refers to a study made by Senators Green and Lodge, regarding the State Department's peculiar problem of security in view of the global disposition of its employee's activities and installations.

THE CASES OF THE INDIVIDUALS PUBLICLY CHARGED  
(Pages 25 - 95)

This section of the report is devoted to a discussion of individuals charged publicly by Senator McCarthy which will be dealt with individually hereafter. In addition, mention is made of the "Three Big Communists" mentioned by Senator McCarthy on February 20, 1950, as being cases No. 1 (Herbert Abner Fierst), No. 2 (John Carter Vincent), and No. 81 (Ruby Parson). The Committee points out it has reviewed the loyalty files on these three cases and found nothing to sustain Senator McCarthy's assertion they are "big Communists," or of "tremendous importance and of great value to Russia," or are a part of an "espionage ring in the State Department." It is pointed out that the individual involved in case No. 81 (Ruby Parson) resigned from the State Department on April 2, 1948.

Reference is also made to case No. 53 (Richard Howell Post) described by Senator McCarthy as one of the most dangerous Communists in the State Department and case No. 57 (Fred Warner Neal) concerning whom Senator McCarthy urged immediate action. The Committee points out that No. 53 resigned from the State Department on December 30, 1948, and No. 57 resigned March 12, 1948. The Committee thereafter cites the above as illustrative of the reckless and irresponsible treatment of the facts by Senator McCarthy.

Set forth hereafter are the individual cases described in the Subcommittee report:

MRS. ESTHER CAUKIN BRUNAUER  
(Pages 26-29)

The Subcommittee found that Mrs. Brunauer was a member of one organization cited as a Communist front "and that in 1934 and 1936, over 14 years ago, she participated in two meetings sponsored by a pro-Soviet organization of which she was not a member." The conclusion was reached that there is no evidence that Mrs. Brunauer is disloyal, a Communist sympathizer or a security risk.

GUSTAVO DURAN  
(Page 30)

Senator McCarthy charged that Duran was well known for his rabid Communist beliefs and activities and was active in secret Soviet operations in the Spanish Republican Army. The Committee did not discuss Duran in the body of its report because of the fact that his employment with the State Department ceased before the Loyalty Program was instituted.

The charges against Duran and his replies were set forth in Appendix 9:

APPENDIX 9  
CASE OF GUSTAVO DURAN  
(Pages 182-187)

Duran submitted a "Memorandum to Senator Tydings," dated March 30, 1950, setting forth his answers to Senator McCarthy's charges. Referring to the Spanish newspaper ATRIBBA, which he claims was the indirect source of some of the Senator's allegations, he notes that it erroneously reported that he came to Madrid "for the first time in the 1920's from the Canary Islands." Duran notes he was born in Barcelona, Spain, and resided continuously with his family in Madrid from 1910 until 1929. Duran writes:

"The Federal Bureau of Investigation has in its files a list of the various domiciles of my family. This information which was provided by me, can be easily checked."

The foregoing is substantially correct. When interviewed by Mr. Ladd on April 29, 1946, he furnished biographical data concerning his parents and himself, and set forth their domiciles as well as those of his own which he could recall.

His attorneys, Baldwin, Todd & Lefferts, also forwarded the Director, under date of April 17, 1950, a complete biographical sketch.



With reference to Senator McCarthy's charges that Indalecio Prieto, former Minister of Defense for the Spanish Republican Cabinet, in his pamphlet, "Why and How I Left the Ministry," described Duran as an agent of the Secret Russian Police or a member of the Comintern, Duran writes:

"Subsequently, Mr. Prieto stated to Messrs. Robert Wilson Wall, Jr. and Robert Godfrey, Attaches to the American Embassy at Mexico City, that he had appointed me as head of the Madrid Zone of the Military Intelligence Service (SIM) at the proposal of General Miaja, then Commander of the Army of Madrid; he then reiterated that he (Prieto), like others in the Government who were equally hostile to Communism, had been subjected to Communist pressures."

Actually, Prieto said considerably more than Duran noted. When interviewed by Special Agents Wall and Godfrey, he stated that he did not know him prior to the appointment but that because Miaja, who was himself closely associated with the Communist Party and Soviet interests in Spain, had recommended him, he assumed that Duran was a Communist. Prieto said he had no proof of this nor of any allegation that Duran was or had been an agent of the Soviet Union. He believed Duran had been subjected to considerable Communist pressure, as were all members of the Spanish Government.

HALDORE HANSON  
(Pages 30 - 37)

Hanson is the individual whom Senator McCarthy described as having a mission to communize the world. Louis Budenz testified he knew Hanson from official records to be a member of the Communist Party. Budenz' information was based, according to his testimony, on oral information received in 1940 and 1941. Budenz thought Jack Stachel gave him Hanson's name. Budenz testified that the first time he had indicated to anyone that Hanson had ever been reported to him as a Communist was a week prior to his testimony on April 25, 1950, when he gave Hanson's name, among others, to the FBI. Hanson declared he was given a complete clearance by the Department of State following a comprehensive investigation by the FBI under the Loyalty Program. He testified on March 28, 1950, he thought subversives could be ferreted out by the quiet, sober, thorough methods now used by the FBI.

The Committee stated it was clear that (1) Hanson was not, as claimed by Senator McCarthy, "one of the most strategically important officers in the entire State Department"; (2) that Hanson would not, as alleged by Senator McCarthy, head a program charged with expending hundreds of millions of dollars; and, (3) that information used by Senator McCarthy to uphold his allegations of pro-Communism against Hanson failed in credibility, relevancy, and competency. The testimony of Budenz left the Committee "to a degree, in wonderment." In the face of the results of the FBI investigation, action of the Loyalty Board and the evidence presented, the Committee could not accept Budenz' testimony as controlling.

PHILIP C. JESSUP  
(Pages 37 - 43)

The Committee sets forth the allegations made against Dr. Jessup by Senator Joseph R. McCarthy in support of his general charge that Dr. Jessup possessed "an unusual affinity for Communist causes," and then proceed to show how Senator McCarthy had failed to substantiate the allegations.

It is noted that the Committee's report states that "we have seen the loyalty file concerning Dr. Jessup which reflects no basis for considering him disloyal or a security risk." Actually, the Bureau's reports reflect the following concerning Dr. Jessup:

1. He was one of the Sponsors for a dinner held by the American Russian Institute in New York in 1946.

2. Information from a reliable informant to the effect that in 1941 Jessup's name appeared on a list of names maintained in the Headquarters of the National Federation For Constitutional Liberties.
3. That Dr. Jessup was a signer of a call for a "National Emergency Conference" in Washington, D. C. in 1939.
4. That he was a member of the Board of Sponsors of the "National Emergency Conference for Democratic Rights" in 1940.
5. That he was Faculty Advisor of the "American Law Students Association," while at Columbia University.
6. That his wife was a member of the China Aid Council.
7. That he was a member and an officer of the Institute of Pacific Relations.

Senator McCarthy's charges included the above points, and the Committee's report takes up each, concluding that "the true facts, therefore, are that Dr. Jessup was shown to have been associated with only two organizations, in both cases prior to the date they were cited as Communist fronts." The Committee concluded that "the facts before us fail completely to establish that Philip C. Jessup has 'an unusual affinity for Communist causes' and that the Subcommittee felt that the accusations made against Dr. Philip C. Jessup are completely unfounded and unjustified, and have done irreparable harm to the prestige of the United States."

DOROTHY KENYON  
(Pages 43 - 48)

With reference to Kenyon, the report set forth the admitted affiliations of Miss Kenyon, the affiliations of Miss Kenyon not denied, other alleged connections of Miss Kenyon, other evidence, and concluded with the statement that the evidence before the Subcommittee failed to establish that Dorothy Kenyon is a Communist or an otherwise disloyal person.

OWEN LATTIMORE

(Pages 48-75)

The Committee predicates this section of the report (pages 48 to 74) with the statement that although Owen Lattimore was not an employee of the State Department in real or proper sense, inquiry was made on the basis of the charge that he was the "architect of our Far Eastern policy." Thereafter, Senator Joseph McCarthy's charges against Lattimore are reviewed and portions of the testimony tending to substantiate or refute those statements are commented upon. In their consideration of such testimony, the Committee finds generally that the charges of Senator McCarthy against Mr. Lattimore are unsupported in fact and winds up with the comment, "We believe that the Lattimore case vividly illustrates the danger of promiscuous and specious attacks upon private citizens and their views, and the imperative necessity that inquiries relating to matters of such character, where deemed relevant to our national security, should be handled by the duly constituted agencies of our government that are equipped to handle such matters by intelligent and proven methods designed to obtain the truth without injustice, character assassination, and a prostitution of the American concept of fair play...."

\* \* \* \* \*

Page 50-----"McCarthy insisted that information concerning Lattimore in the FBI files would show 'in detail not the case merely of a man who appears to favor Russia, not the case of a man who might disagree with what we think about Russia, but a man who is definitely an espionage agent...'

"The foregoing assertion had to be taken by us at the outset with the proverbial 'grain of salt'; for if the FBI had evidence that Lattimore was a top Russian spy, either the FBI was derelict (which we do not believe) in not prosecuting him, or Senator McCarthy was compromising an FBI investigation which might result in prosecution."

With reference to possible dereliction by the Bureau for not prosecuting Lattimore, this is erroneous inasmuch as the question of prosecution is not one within the Bureau's province.

\* \* \* \* \*

Page 54-----"Father Kearney was interviewed by the FBI and advised that he had no direct knowledge of Mr. Lattimore's activities and that the principal source of his information had been



Alfred Kohlberg of the American-China Policy Association of New York City. (Footnote---A letter from the Department of Justice confirming this statement will be found in the subcommittee's record.)"

This is an accurate though partial statement of the information given by Father James F. Kearney when interviewed by Bureau Agents on January 20, 1950.

(Brief, page 16; 100-24628-80)

\* \* \* \* \*

Pages 56-57---In commenting on the testimony of Louis Budenz, the report contains the statement, "The subcommittee also notes that only since this investigation and the publicity concerning Lattimore in connection therewith has Budenz given information to the FBI concerning Lattimore, even though Budenz has been reporting for several years to the FBI on various Communist activities and personalities....Similarly in the case of Haldore Hanson, Budenz admitted that Hanson was named by him as a Communist for the first time during the course of our proceedings."

This is an accurate statement, on April 15, 1950, Louis Budenz advising that he had never mentioned to the Bureau what he knew about Lattimore prior to March 27, 1950, because his information was "flimsy" and "not legal" and he had devoted most of his time to furnishing legal evidence.  
(100-24628-725,727)

\* \* \* \* \*

Pages 66-67---"A summary of the files of the FBI pertaining to Owen Lattimore, prepared by that organization, was made available to members of the subcommittee for review. Whereas this summary indicated Lattimore's association and contact with some individuals of known and alleged Communist and pro-Communist views, there was no evidence therein proving Lattimore himself to be a man of willful pro-Communist actions or views. The evidence did not show him to be 'a top Soviet espionage agent' or a member of the Communist Party or Communist underground. The information concerning Lattimore, testified to by Louis Budenz, was not in the possession of the FBI, according to Budenz' own testimony, at the time members of this subcommittee reviewed the summary...."

"The foregoing discussion of the information available to us (this phrase apparently includes information set forth in the FBI summary) is quite devoid of any proof that Mr. Lattimore was 'one of the top Communist agents.'"

This statement is misleading in that it does not properly reflect the information made available to members of the subcommittee. On March 23, 1950, there was delivered to Mr. Clive Palmer, of the Criminal Division, a memorandum to Mr. Peyton Ford, dated March 22, 1950, with which was transmitted an eleven-page summary memorandum on Owen Lattimore. This memorandum was displayed to members of the subcommittee. It contained biographical information concerning Owen Lattimore, as well as information concerning his association with the State Department and the United Nations. The memorandum also referred to reports from various sources indicating Lattimore's alleged implication in Soviet intelligence activities. In this connection, however, it was noted that although an extensive investigation had been conducted between March 1949 and the date of the memorandum, no tangible evidence had been uncovered to corroborate the allegations or to indicate that he was involved in Soviet espionage activity. The memorandum made reference to a number of allegations concerning Lattimore, indicating his reported affiliation with Communist-front groups, participation in Communist-sponsored activity, and association with known or suspected Communist Party members and individuals suspected of having acted as Soviet agents.

(100-24628-264)

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Page 68-----"Senator McCarthy also said this:....'It will be recalled that J. Edgar Hoover at the time said this was a "100-percent airtight case against Service, Roth, and their co-defendants."....The Department of Justice has advised the Department of State that Mr. Hoover never made the widely publicized statement that there was a '100-percent airtight case' against the Amerasia defendants. (Footnote-- This letter will be found printed in the subcommittee record.)"

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In this connection, by memorandum dated May 23, 1950, you protested against such use of your name, particularly when that use did not accurately reflect your views. For the information of the Attorney General, you pointed out that on April 12, 1950, John Stewart Service, one of the subjects in that investigation, had asked if you had made a public statement to the

effect that the case against him was a hundred per cent airtight. Under date of April 18, 1950, you advised Mr. Service that you had made no public statement on the Amerasia case since the period wherein the arrests occurred, and pointed out to him that the FBI did not pass on the evidence it collected during its investigations but that such evidence was turned over to the Criminal Division of the Department of Justice. You advised Mr. Service, "I presume that they (meaning the Criminal Division of the Department) must have been satisfied with the evidence presented to them by the FBI as they authorized the arrests to be made in this case."

You also pointed out to the Attorney General that on May 4, 1950, you had informed Mr. Peyton Ford that you could not approve his proposed answer (subsequently released by the Department of State) to an inquiry on May 1, 1950, from Mr. John E. Peurifoy, of the Department of State, as to whether you had publicly stated that the case was a hundred per cent airtight. You advised the Attorney General that in your communication of May 4, 1950, to Mr. Peyton Ford, you pointed out that in the event you had been asked at the time the arrests were made whether you thought we had an airtight case, you would have stated that you thought we had, and that if asked today you would have to so state.

Pages 68-69---"Senator McCarthy also said this:

"I have another statement which I had a great deal of difficulty getting. I had no difficulty obtaining the information from this man, but he was extremely reluctant to sign a statement, fearing that his job might be endangered if he did so.....

"He gave his consent to his name and this statement being given to the FBI. We had to promise him, however, that his name would not be given to this committee.....

"Then I have another statement gotten under almost the same circumstances, which is being turned over to the Bureau....."

"The Department of Justice furnished the following information concerning the June 2, 1945 meeting at Lattimore's home to which Senator McCarthy referred." (Thereafter the report set forth information obtained from the Department of Justice concerning the two statements).

In referring to the meeting at Lattimore's home on June 2, 1945, the report states:

"The FBI found no evidence during its most thorough investigation of the Amerasia case to indicate that any Government documents were involved in this incident."

On March 30, 1950, Senator McCarthy furnished to the Bureau a two-page, handwritten, signed statement dated March 26, 1950, unattested, of Alberta R. Carter and a one-page, handwritten, signed statement, undated and unattested, of her husband, George F. Carter, a Professor at Johns Hopkins University, Baltimore, Maryland. The statement of George F. Carter appears to be an addendum to the statement of Alberta R. Carter and both statements set forth information concerning the visit of the Carters at the home of Owen Lattimore in "June, 1945" when John S. Service and Lieutenant Andrew Roth were also present. The remarks of Senator McCarthy concerning the acquisition of these statements tended to convey the erroneous impression



that the information embodied therein was first acquired by him at that time. In fact, on February 9, 1950, George F. Carter was interviewed by Bureau representatives, at which time he furnished information in considerable detail concerning Owen Lattimore as well as detailed information concerning the Carters' Sunday afternoon visit in "June, 1945" at the home of Lattimore when John S. Service and Lieutenant Andrew Roth were also present. On the occasion of this interview, George F. Carter exhibited a willingness to assist in any way that he could though he made the request that his identity be kept confidential. (100-24628-155)

On April 6, 1950, Mrs. George F. Carter was interviewed by Bureau representatives, at which time she could add no information of value concerning the "June, 1945" visit at the Lattimore home to that which had been furnished by her husband on February 9, 1950. (100-24628-522)

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Page 70-----"Senator McCarthy also referred to an affidavit covering testimony which could be given by a former general in the Red Army..... The affidavit was turned over to the FBI by Senator McCarthy. The Department of Justice has advised, with reference to this, in the following terms:....." (Thereafter was set forth information "purported" to have been given by the former general in the Red Army to an investigator for Senator McCarthy).

On March 30, 1950, Senator McCarthy furnished to the Bureau a document entitled, "Expected Testimony from Alexander Barmine" reflecting that while he was a general in the Red Army and in Moscow, he learned from "General Berzin," a high official in Soviet Intelligence, that excellent success had been obtained through the Institute of Pacific Relations which the Soviet Intelligence, through Communists in the United States, had taken over. During this conversation which occurred in the middle 1930's, "General Berzin" mentioned in particular Owen Lattimore and one Joseph Barnes as Soviet men connected with the Institute. A handwritten notation on this document reflects that the information therein was related to Donald A. Surine by Alexander Barmine on March 29, 1950.

Alexander Gregory-Graff Barmine, a former Soviet diplomatic official who defected from the Soviets in 1937 and entered the United States in 1940, upon interview by Bureau representatives on December 14, 1948, furnished information to the effect that General I. Berzine had, while Barmine was in Moscow, mentioned that the Soviets had some Americans working for them in China. Barmine named Owen Lattimore as one of the individuals. Barmine was reinterviewed by Bureau representatives on March 27, 1950, at which time, he enlarged upon the previous information he had furnished concerning Lattimore and placed Lattimore in a Soviet Military Intelligence network in China, which used as a cover for its operation, the Institute of Pacific Relations. (100-127090-46; 74-13333-1146; 100-24628-264, 267, and 1222)

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Page 71-----"Senator McCarthy further stated on the Senate floor:

"I have before me another affidavit, the original of which is being handed to the FBI.....He states that Lattimore was a leader in several pro-Russian student uprisings in China!" (The report then quoted information concerning this allegation, noting that it had been received in a communication from the Department of Justice which is printed in the record).

On March 30, 1950, Senator McCarthy furnished the Bureau a five-page, handwritten, signed statement of Upton Close, dated "Mar. 1950" in which it appears that Lattimore, in the early 1920's, was involved in several student uprisings in China along with other Chinese students. It was also indicated in the statement that Lattimore enjoyed a kind of leadership in the group.

On April 1, 1950, Upton Close, McLean, Virginia, was interviewed by Bureau representatives concerning Owen Lattimore. Close advised that he first knew Lattimore around 1920 in China, at which time Lattimore was associated with Young Chinese students who became more and more taken over with Communist activity. Lattimore was considered somewhat of a leader and was an inspiring factor in these Chinese students uprisings. Mr. Close also advised that he had no knowledge reflecting that Lattimore was engaged in espionage for the Soviets, but felt that he was a Communist and that he had been a member of, and in contact with "Communist cells." (100-24628-279)

Page 72-----In its conclusion concerning Owen Lattimore, the Committee reported that they found that Lattimore was not now and never had been in any proper sense an employee of our State Department; that he had no controlling or effective influence whatever on our Far Eastern policy; and that they found no evidence that he was the "top Russian spy" or any other sort of spy. In this connection, the report contained the statement:

"We have every confidence that were Mr. Lattimore an espionage agent the efficient FBI would long since have taken action against him. The fact that it has not done so and the further fact that we have seen a summary of the FBI's information concerning Mr. Lattimore confirms our opinion in this respect."

These latter conclusions, in so far as they concern the FBI, are, of course, unwarranted. As mentioned above, it is not within the province of the FBI to institute prosecutive action against a subject of investigation, nor can the FBI summary of March 22, 1950 (since supplemented by additional investigation) be properly construed as a clearance of Lattimore in connection with the charges made against him.

\* \* \* \* \*

Page 73-----"Owen Lattimore is a writer and a scholar who has been charged with a record of pro-Communism going back many years. There is no legal evidence before us whatever (this apparently includes information set forth in the FBI summary) to support this charge....

"....we are compelled to comment that in no instance has Mr. Lattimore on the evidence before us been shown to have knowingly associated with Communists."

The nature of the FBI summary of March 22, 1950, has been set forth previously in this memorandum. It is true, however, that the memorandum in itself does not constitute "legal evidence."

\* \* \* \* \*

NOTE:-----Page 62, of the copy of the report as submitted to the Bureau, is missing and consequently has not been reviewed.

FREDERICK L. SCHUMAN

(Page 75)

The Subcommittee found that Frederick L. Schuman has never been an employee of the State Department and that his only connection with the Department was to deliver a one hour lecture at the Foreign Service Institute on June 19, 1946.

JOHN STEWART SERVICE

(Pages 75-94)

The report of the Subcommittee stated that the charges against John Stewart Service have a dual character: (1) that he is pro-Communist as indicated by (a) his reports from China during the period 1943 to April, 1945, in which he allegedly advocated the cause of the Chinese Communists, and (b) his associations during the same period; (2) that he was involved in the abstraction of Government documents in connection with the Amerasia case.

During the discussion of Service's connection with the Amerasia case, it was stated that Senator McCarthy made the allegation, both as a witness and on the floor of the Senate, that "The FBI then took over and reported that in the course of its quest it was found that John Stewart Service was in communication from China with Jaffe." In this connection, the following similar statement is attributed to Emanuel S. Larsen in his article in Plain Talk: "The FBI then took charge of the affair. As established by Congressmen Dondero, the Government agents spent several months on the case. In the course of their quest, it was found that John S. Service was in communication from China with Mr. Jaffe." We, of course, did not show that Service was in communication from China with Jaffe. In later referring to this statement attributed to both Senator McCarthy and Larsen, the Subcommittee report states, "The evidence reveals that Mr. Service did not contact Jaffe from China. The allegation to the contrary is based on Larsen's Plain Talk article, which was repudiated by him."

On Pages 84 and 85 of the Subcommittee report are set out brief statements of Service's activities on some of the days he was covered by physical surveillance. Then follows an explanation by Service of meetings shown by the surveillance. The Subcommittee report states: "This explanation by Mr. Service before us of his contacts with the other subjects in the Amerasia case is almost an exact duplicate of that given by him before the grand jury. It is significant to us that, at the time Service appeared before the grand jury, he had no knowledge of the physical surveillance, or at least no knowledge of what it revealed. Yet his explanation accounted for every meeting reported by the FBI. When this is coupled with the fact

that his explanation was verified by the FBI and found to be correct, no other conclusion can be made but that we, like the grand jury, must find that the explanation is consistent with complete innocence." Prior to his appearance before the grand jury, Service, of course, did give a lengthy statement to Agents during which he furnished much of the material covering his meetings and contacts.

On Pages 87 and 88, under the caption "Technical Surveillance," is set out a partial transcript of conversation between Service and Jaffe in Jaffe's hotel room on May 8, 1945, and this transcript is referred to as a "verbatim quotation" by the Subcommittee in its report. It is noted that on Page 87, one statement is attributed to Service when actually our transcript reflects that the statement was made by Jaffe; this statement is, "I guess these are the only things," and it is made during a discussion of what the Chinese were doing at San Francisco. Then too, throughout the reporting of this transcript in the Subcommittee report there appear some changes in punctuation, but not to the extent that it appears that the meaning of the text is changed. On Page 88, in reporting a statement of Service, following a space left blank to indicate an unintelligible word or words, the words "something skipped" have been inserted and may be interpreted as words spoken by Service.

Following the "verbatim" account of the recording, there is set out "several statements prepared by the FBI" which, in summary form relate additional conversation between Service and Jaffe.

On Page 91, it is reported that Mr. Brookes Atkinson appeared before the State Department Loyalty and Security Board as a witness and verified statements made by Service concerning an article prepared by Atkinson regarding General Stilwell's recall. Service had explained that Atkinson had written a story in the New York Times for October 31, 1944, which contained the gist and the only important part of the story regarding General Stilwell's recall; that he (Service) had returned to the United States with Atkinson and had read the draft of his article while traveling. Following Service's apprehension by Bureau Agents, it should be noted, Atkinson had been quite critical of the Bureau.

On Page 91, the following is also set out: "It is most significant to note that Mr. Service arrived in Washington -- April 12, 1945 -- and the date the FBI first found him in contact with a subject in the Amerasia case -- April 19, 1945. On March 11, 1945, the OSS raided the offices of Amerasia and found there were numerous Government documents therein. Service pointed out that, manifestly, Jaffe's source of Government documents had been fully



developed by that time, which was prior to Mr. Service's return to the United States. We note in this regard that on April 18, 1945, the FBI had a conference with General Holmes of the State Department and Major Correa of the Navy Department. At that time, the Bureau indicated that it was ready to present it for such prosecutive action as the Department of Justice might think proper. On this date, Service had not yet met Jaffe, Mitchell, or Larsen and had met Mark Gayne for the first time on that day...."

In concluding its report of the case of John Stewart Service, the Subcommittee stated, "We have carefully considered the evidence and conclude that John Stewart Service is neither a disloyal person, a pro-Communist nor a security risk. We have been particularly impressed with the frankness and cooperativeness of Mr. Service in his appearance before us. Many questions with hidden implications have been asked him about events that transpired many years ago. Never did he seek to avoid answering on the ground he could not remember but always gave this subcommittee the benefit of any recollection he might have. In addition, he waived his immunity and voluntarily appeared before the grand jury in August of 1945. After hearing all the facts, the grand jury unanimously voted not to indict Mr. Service. We could not fail to be impressed also by the almost continuous scrutiny to which he has been subjected during the last five years. He has been cleared four times by either the State Department Personnel Board of the State Department Security and Loyalty Board." Continuing, the Subcommittee reported, "We have also found significant the fact that Emmanuel S. Larsen admitted to the FBI that he had furnished Jaffe with the eight original copies of the Service reports found in Jaffe's brief case when he was arrested." In a signed statement given to Bureau Agents on June 7, 1945, Larsen stated that he last saw Jaffe on Monday, May 28th, 1945, at the Statler Hotel and at that time he did not give him any documents. That evening, Jaffe visited him at his home and he showed him two State Department reports by Jack Service. Jaffe expressly asked for Service's last reports, according to Larsen, which he apparently knew. Larsen admitted that in addition to these two reports, he had in the past given Jaffe a number of classified documents to read and they may have numbered six to ten documents in all.

HARLOW SHAPLEY  
(Page 94)

Inquiry by the Subcommittee established that Dr. Harlow Shapley is not an employee of the Department of State in any real and proper sense. He was appointed a member of the United States delegation to the Preparatory

Conference for UNESCO at London in 1945. On May 20, 1947, and June 27, 1947, Shapley was designated by the Executive Committee of the American Association for the Advancement of Science and was appointed by the Secretary of State to serve as a representative of that association on the United States National Commission for UNESCO. His term expired April 15, 1950. The Subcommittee stated that within the proper purview of its inquiry, no consideration need be given the charges made against Dr. Shapley.

JOHN CARTER VINCENT  
(Page 95)

The Subcommittee disposed of McCarthy's allegations concerning Vincent in two paragraphs, stating that "we have carefully reviewed the loyalty file concerning Mr. Vincent and the McCarthy charges are absurd on the basis thereof. The investigation of Mr. Vincent does not show him to be disloyal or a security risk."

In stating that the loyalty file concerning Vincent had been reviewed, it is believed that the report has reference to the State Department security file pertaining to him. You will recall that the Bureau is conducting a loyalty investigation of Vincent following submission of available data to the Department for an opinion as to whether such an investigation should be conducted. After consulting the State Department, the Department advised that we should proceed with a loyalty investigation.

CHARGES WITH RESPECT TO "FBI CHART"  
(Pages 95 and 96)

The Subcommittee here refers to the speech by Senator McCarthy before the Senate on June 6, 1950, where he presented a photostatic copy of a page of a report stated to be based on an FBI chart, allegedly indicating "Agents," "Communists," "Sympathizers," and "Suspects," as employed in the State Department. The Subcommittee states that while these charges are not before the Committee, a great deal of publicity has been accorded the so-called FBI Chart and in view of this situation it is believed that the facts of the matter should be set forth. Thereafter, there is quoted a portion of a letter dated June 28, 1950, from Mr. John E. Peurifoy, Deputy Undersecretary of State, identifying the report in question as having been prepared by Mr. Klaus, then assigned to the Office of the Assistant Secretary for Administration, in connection with a survey of Departmental security investigations. It is observed that on Pages 29 and 30 of the Klaus report, reference is made to a chart alleged to have been prepared by the FBI. Mr. Peurifoy thereafter states no such chart was ever received by the Department

of State from the FBI, nor was such a chart ever prepared by the FBI; that it had been conclusively determined that the chart was not prepared by the FBI but was prepared as an investigator's working document in the Department of State in 1946 and by employees of the Department of State; that the writer of the report drew the unintentional erroneous conclusion that the chart was prepared by the FBI. Mr. Peurifoy makes reference to a letter dated June 14, 1950, addressed by the Director to the State Department advising that the FBI did not send any such chart to the State Department and made no evaluation of information as was indicated in the Klaus report. This letter dated June 14, 1950, addressed by the Director to Mr. James E. Webb, Undersecretary of State, is quoted verbatim in the Subcommittee's report. It is also noted that Mr. Peurifoy's letter to the Subcommittee of June 28, 1950, assures the members that none of the employees named on the chart in question are presently employed by the State Department except those who have since been investigated and who have been checked and evaluated under the Loyalty Program.

Additional details concerning the State Department's repudiation of Senator McCarthy's comments concerning the chart in question are contained in State Department releases of June 6, and June 9, 1950, reproduced in Appendix 17 of the Subcommittee's report.

AMERASIA CASE  
(Pages 96-144)

The Amerasia Case is covered in the report made available by the Tydings Committee beginning on page 96 and ending on page 144.

A review has been made of these pages for any items which are critical of the Bureau, any inaccuracies as to the facts of the case as they are known to the Bureau, and for any other matters which are of interest to the Bureau. The following have been noted:

Page 101

Mr. McInerney's testimony under footnote #324 shows that the Bureau took over the investigation on a twenty-four hour basis beginning March 12, 1945. This statement is inaccurate because the Bureau did not receive the case until March 14, 1945, and the investigation was commenced on the following day, March 15, 1945.

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Page 102, last paragraph, and first paragraph top of page 103

This part of the report covers the Bureau's answers to questions asked by Senator Tydings in connection with this case.

"QUESTION: Were any employees of the State Department seen giving documents to other persons on the outside?

"ANSWER: While actual physical delivery of documents was not observed, the fact remains that hundreds of classified documents were recovered from unauthorized persons on June 6, 1945. Larsen and Service were observed in frequent contact with Jaffe and Roth. Service also met with Mark Gayn and has stayed in his New York apartment. Both Larsen and Service have admitted giving documents to Jaffe. Larsen and Service were also observed carrying envelopes or a zipper case out of the State Department. As a further illustration of the operations of this group, Service met with Jaffe in a hotel room on May 8, 1945. Service discussed military, political, and policy matters with Jaffe and cautioned him by saying: 'Well, what I said about the military plans is, of course, very secret.'"

It is noted that the answer to the above question is the same as the answer to question #5 contained in the statement furnished to the Tydings Committee by Messrs. Nichols and Ladd on May 31, 1950; however, the following was omitted "(as we are advised by departmental attorneys.)"

It is also noted that footnote #328 on page 103 states that the statement attributed to Service was not available to the Department of Justice for utilization before the Grand Jury inasmuch as the report concerning the conversation between Jaffe and Service was received by the Department of Justice with the following caveat from the Federal Bureau of Investigation, "Most of the foregoing information regarding the contacts made by the various principles and documents which were exchanged were obtained through highly confidential means and sources of information which cannot be used in evidence."

The report covering the conversation between Service and Jaffe at the Statler Hotel on May 8, 1945 (report of Special Agent Logan J. Lane, Washington Field Office, dated 5-26-45), did not contain any statement as set forth above; however, Bureau letter to Mr. Tom Clark of the Department, dated May 29, 1945, which outlined the facts in this case as of that date, did contain such a statement verbatim on page 8, paragraph 2, under the heading "Evidence." (100-267360-237, 260 p.8)

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Page 103, footnote #331, and page 104, paragraph 7

Mr. McInerney, according to his testimony as shown in footnote #331, page 103, stated as follows:

"When the case came to me on May the 29th, I was aware, of course, of its inception and the nature of the manner in which it started, and as we had done in other cases during the wartime, we authorized prosecution even though we knew that the evidence was tainted, and we authorized prosecution because the Bureau had been very successful in obtaining concessions and admissions which obviated the necessity of having to tender this evidence or offer it in court, and those were the two conclusions I came to on May the 29th, or three conclusions.

"One, that the case was vulnerable because of its inception on the part of OSS; Two, that in evaluating the legal evidence, which largely consisted of physical surveillance only, that we did not then have sufficient evidence to authorize prosecution.

"The third conclusion was that since the Bureau has obtained concessions and admissions in over 80 per cent of its cases, that with the usual break in the prosecution here, we would get incriminating admissions and concessions which would obviate a trial, and show the need for presenting or tendering this evidence....."



Page 104 paragraph 7

The report then goes on to state that Mr. McInerney in explaining his authorization of prosecution stated that he did so "since our experience has already been that we can make a case on an apprehension and search." The report further states that it appears, therefore, that, while realizing insufficient legal evidence was at hand, Mr. McInerney authorized prosecution on the theory that a search conducted incident to the arrest of the six subjects would produce the required evidence, taken with the possibility of securing confessions following the arrests. The report also says that Mr. McInerney authorized prosecution despite his feeling that the case might be vulnerable and the evidence developed also would be held inadmissible in a Court proceeding by reason of the investigative techniques that had been employed by OSS and FBI.

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Page 107 footnote 345

Mr. McInerney testified that as early as June 27, 1945 "We were being inundated with threatened motions to suppress the evidence, bills of particulars and return of the property, etc."

This is the first knowledge the Bureau has received that any of the attorneys for the subjects had considered filing a motion to suppress the evidence at a date as early as June 27, 1945. It will be recalled that Larsen filed such a motion on September 28, 1945.

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Pages 118 to 122

The committee report states the Department did not prosecute Jaffe, Larsen and Roth after the other three subjects had been no-billed by the Grand Jury for the following three reasons:

1. Larsen filed a motion to suppress the evidence on September 28, 1945 claiming the FBI had entered his apartment illegally prior to the date of his arrest.
2. The Department had the belief that Jaffe's attorney might file a similar motion as to the Amerasia Offices, thereby destroying the evidence against Jaffe and the other subjects. Having this belief, the Department decided to enter into an immediate agreement with Jaffe's attorney to plead him guilty on September 29, 1945, before Jaffe's attorney had a chance to change his mind.

3. The Department attorneys had interviewed Larsen and Jaffe and neither of them offered any information to strengthen the case against Roth and, therefore, the Department entered a nolle prosequere as to Roth.

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Page 130 paragraph 6

The report stated as follows:

"On September 28, 1945 the Criminal Division was informed that Larsen's attorney was about to file a demurrer, motion to quash the indictment and an application to suppress the evidence obtained from the search of Larsen's apartment."

"Representatives of the Criminal Division conferred with FBI officials on the morning of September 28, 1945, and it was generally agreed that the case was in serious jeopardy. A number of suggestions were made and discarded."

The above statement as to a conference between representatives of the Criminal Division and FBI officials on the morning of September 28, 1945, is false. The statement as made here would lead one to believe that the Bureau and Departmental Representatives had conferred as to what steps should be taken with respect to Larsen's motion. However, if any conferring was done and suggestions made, the Bureau had no part. The true facts are as follows:

By memorandum dated September 26, 1945 the Bureau notified the Attorney General that Mr. E. R. Sager, Manager of Larsen's apartment told an Agent of the Washington Field Office on September 25, 1945 that he had admitted to Larsen on the previous date that he had afforded Agents of the FBI access to Larsen's apartment. This information was furnished to the Attorney General with the suggestion that if a Departmental Representative would talk to Sager, that Sager would be instructed to call at the Department of Justice. No further action was taken by the Bureau at that time.

(100-267360 serial 685)

Page 131

Disposition of Case Against Larsen

The report stated, "With the case of Jaffe safely disposed of in what was considered a manner satisfactory under the circumstances, the Department was still confronted with a motion to suppress filed by Larsen. A number of

conferences were held with the attorneys for Larsen and Roth in an effort to obtain pleas of guilty but without success. Larsen's attorney at first took the position he would not consider a plea until his motion to suppress was decided.

"The time for filing the Government's response to the motion to suppress was deferred. In response to the motion, the Government would have been obliged to admit the illegality of the search and seizure. However, the necessity for making this admission was averted when Larsen's counsel finally offered to plead his client nolo contendere if he could receive some assurance that only a moderate fine would be imposed. He pointed out that Larsen had been imposed upon by Jaffe, that he had lost his Government position which he had held for 10 years, that he was unemployed and penniless, and that he had a wife and family dependent upon him.

"The Government was aware of these facts and finally agreed, if consulted by the Court to recommend a fine of \$500. This position was taken largely because of the above factors and also because we realized that Jaffe was the main culprit, that he had corrupted Larsen and was responsible for his plight, and that it would be manifestly unjust for Larsen to receive a sentence greater or even equal to that imposed upon Jaffe. Larsen entered a plea of nolo contendere on November 2, 1945 and was fined \$500, as recommended by the Government."

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Pages 131 to 133

Disposition of Case Against Roth

The report stated, "Only the case against Roth now remained. This case was very weak and depended on several pages of handwriting and typewriting (identified as Roth's) of what appeared to be official documents. On September 27, 1945, Roth had filed a demurrer attacking the indictment and a motion for a bill of particulars. Argument on these motions had been postponed from time to time.

"At the time the Department offered to accept pleas of guilty from Jaffe and Larsen the Government's attorneys informed their counsel that Jaffe and Larsen would be examined by the Government counsel in an attempt to try to strengthen the case against Roth. This was done and both men were interviewed in November and December, 1945.

"Larsen, interviewed with respect to Roth's complicity, was unable to make any contribution except that Roth arranged the introduction between him and Jaffe early in 1944 while both he and Roth were employed by ONI. He could not implicate Roth in the conspiracy and as a matter of fact his statement tended to exculpate Roth, a result for which he had no known motive. After relating the

facts as to how he was introduced to Jaffe and Roth in March, 1944, Larson stated that at no time did Roth and he ever discuss Larsen's transactions with Jaffe, nor did he and Jaffe discuss them in the presence of Roth. Larsen stated that he had no facts whatsoever that would indicate that Roth knew that he, Larsen, was supplying documents to Jaffe. Larsen said that Roth never saw him give Jaffe any material nor saw Jaffe give any material to him (Larsen). Larsen further stated that he never saw Roth deliver anything to Jaffe, and that Jaffe never told him that he, Jaffe, was getting any material from Roth; nor did Roth ever tell Larsen that he, Roth, was giving any material to Jaffe. Larsen did mention one incident which occurred early in 1945. He said that he saw Roth leave the Navy Department, with a large envelope filled with something; that Roth stated he was having lunch with Jaffe and that on the return of Roth he had nothing in his hand. Larsen asserted that whether Roth gave the contents of the envelope to Jaffe or what was in the envelope he, Larsen, does not know. Later Larsen corrected the date of this incident and said that it must have been late in 1944 rather than in 1945.

"Jaffe, a long-time friend and associate of Roth completely absolved Roth of any knowledge or participation in the matter and explained how Roth happened to copy several documents for him. This the Department expected since it was not naive enough to expect Jaffe to implicate Roth.

".....

"While the physical surveillances showed meetings between Roth and some of the others, he was never observed transmitting or receiving Government documents. Several of these meetings were of a social nature. There was no evidence that Roth unlawfully removed any Government documents. Moreover, since the defendants were charged with conspiring to embezzle and remove Government documents, essential elements of the offense were the entering of each defendant into the agreement to commit those unlawful objects of the conspiracy, with knowledge of the existence thereof and intent to further its purposes in some manner. The prosecution would have had to prove these essential elements to secure convictions. As regards Roth, there was no proof that he entered into such an agreement with others, or that he had the knowledge and criminal intent to make a person a member of a conspiracy.

"In view of the state of the evidence above outlined, the decision was reached that the case against Roth could not be successfully prosecuted. After several postponements of hearings on motions brought by Roth's attorneys, and after an unsuccessful effort was made to place it on the pending inactive docket, the Government was forced to nolle prosequere the case against him on February 15, 1946."

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Commendatory Statement Concerning FBI's Action in This Case.

On Page 133 the following paragraph appears in the Report:

"This report is not intended to qualify the seriousness or gravity of this case. The FBI's prompt and vigorous action in face of a situation already tainted with illegality was of inestimable service to this country. This report only deals with the difficulties of successful prosecution and the bases for the decisions made."

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Pages 138 to 144

Summation by the Committee

The Committee summarized its investigation of the Amerasia Case in the following five points as set out hereafter:

"1. It has been asserted that an effort was made to delay the investigation. The FBI has denied that there was any delay whatever in its investigation and that no efforts were made to "fix" the case insofar as the FBI is concerned.

"2. Similarly, charges have been made that efforts were made to delay prosecution. These charges now appear to have stemmed from advice given the FBI on May 31, 1945, by the Department of Justice that prosecution should be held in abeyance pending the outcome of the United Nations Conference at San Francisco. This fact has precipitated a floodtide of speculation and unwarranted innuendos, culminating in the question of whether Alger Hiss' hand may have been in the picture. It is now crystal clear that the advice received by the FBI to hold the prosecution in abeyance originated in a desire of the late Mr. James Forrestal, Secretary of the Navy, that the full implications of the proposed arrests in the Amerasia case be conveyed to the President in consideration of the delicate character of our conversation with the Soviet Union at the time and the treatment which the press would accord the case by reason of the Communist connections of some of the subjects. Upon learning of the matter, the President on June 2, 1945, personally ordered the FBI to proceed at once with the case and not to be deterred by instructions from anyone. The State Department was equally insistent upon prosecuting the case to the fullest. The facts clearly reveal there was no "delay" in handling the case in any real or substantial sense.



"3. It has been asserted that the Department of Justice failed to prosecute the case to the fullest and compromised it to the prejudice of the ends of justice. The officials directly responsible for prosecuting the case have testified under oath that they had absolutely a free rein in handling the case at all stages of the prosecution and were under no compulsion or restraint from any source whatever. There is not even a shred of evidence before us suggesting the contrary. It appears that the case was handled to the very best of their ability in the light of the legal and factual problems confronting them and their understanding of the law. Certainly common sense and fairness entitle Federal officials to the assumption that they have conscientiously done their duty, at least until facts to the contrary, not here present, are shown. The fact that some of the defendants did not receive the punishment which we today feel they deserved or which we would like to have seen them receive is the result of certain incidents of the case which have been heretofore discussed and not the result of dereliction on the part of the prosecuting officials. Under all of the circumstances of the case, we are constrained to suggest that the Department was fortunate in securing the punishment that was meted out.

"4. One of the most snide and disgusting charges in this case has been the suggestion that the handling of the Amerasia prosecution by Mr. Robert M. Hitchcock may have had a relationship to his subsequently becoming associated with a Buffalo, N. Y., law firm in which an uncle of one of the Amerasia defendants, Kate Mitchell, was a partner. There is absolutely no basis whatever for such a suggestion. The facts are that, many months after the Amerasia case was disposed of, Mr. Hitchcock was approached for the first time by a member of the law firm with a view to his becoming an associate thereof to handle a special field of litigation for which he was peculiarly well equipped by reason of his trial experience. Significantly, this member of the firm had no knowledge of the relationship between his partner and Miss Mitchell.

"5. There have also been allegations that the appearance of Philip Jacob Jaffe for sentencing on Saturday morning, September 29, 1945, was an unusual and unprecedented procedure, with the inference that something improper was involved. The persons who lend themselves to such a vicious fabrication do a grave injustice to the presiding judge, the Honorable James M. Proctor, in implying that he would permit any improper procedure.

"The fact of the matter is that in the United States District Court for the District of Columbia, a judge is always assigned to duty on Saturday mornings. This judge is available for emergency cases and will also, at his discretion, handle brief matters for the convenience of counsel. It is not at all unusual for a case to be heard on Saturday morning if the plea is changed from "not guilty" to "guilty" and a speedy disposition is desired by all parties. Moreover, it is customary for counsel to determine in advance that the judge is free and set a time to appear. Therefore, the Jaffe case was handled in the same routine manner as many other cases.

"There has also been criticism of the fact that the judge was not advised of the "Communist connections" of Philip Jacob Jaffe. Such a criticism is the direct result of a misunderstanding of the case. It must be remembered that Jaffe was charged with conspiracy to obtain unlawfully Government documents. The Government had no evidence of the transmission of these documents by Jaffe to others. The only conceivable purpose justifying the use of information about Jaffe's Communist connections would be on a theory that it would indicate the possibility of a transmission of the information to the Soviet Union. To submit such allegations would in effect be an attempt to show that espionage had been committed when a lesser crime was charged and pleaded to, despite the fact that no evidence was available to support a charge of espionage.

"The Government attorneys handling the case were convinced that, unless they obtained a plea immediately, no conviction whatever of Jaffe could ever be obtained. They had first received word on Friday, September 28, 1945, that Larsen planned to file a motion to quash. They believed that once Jaffe learned of the unauthorized entries into Larsen's apartment, he would immediately follow the same procedure. Since illegal entries had been made in the Amerasia offices also, they were convinced that legally such a motion would be granted and the entire case lost. Therefore, only one alternative remained. They communicated, as heretofore discussed, with Jaffe's attorney and entered into a binding agreement to accept a plea of guilty in return for a Government recommendation of a substantial fine as the punishment, this agreement being made before Jaffe's attorney could learn of the news about Larsen's motion to quash.

"The Government also considered it necessary to have the plea formally entered as soon as possible in order to eliminate any possibility that Jaffe's attorney would back out on his commitment. In addition, Jaffe desired that the case be settled immediately. Once the Government attorneys were before the Court with an agreement to recommend a fine, it was manifestly impossible for them to argue that the offense was so heinous, because of the subject's alleged Communist connections, that a greater sentence should be imposed. If they attempted to do this, it would obviously release Jaffe from his commitment and he would be free to withdraw his plea and file his own motion to quash.

"A further consideration bearing on this question is that the Government in 1945 did not have proof that Jaffe was a member of the Communist Party. The most they had was that Jaffe had some Communist connections, which were not per se illegal or reprehensible, especially in 1945 when the Soviet Union, at least for all practical purposes of public moment, was an ally and friend of the United States. The allegations of Communist connections would not have been legally admissible evidence and thus had no probative significance.

"The matter of Jaffe's plea, therefore, resolves itself into a question of legal judgment and tactics. If the Department of Justice attorneys were correct in their conclusion that the evidence was legally inadmissible and that any delay in acting would allow Jaffe to escape without punishment, they were obviously right in their action. If, on the other hand, they made an error in legal judgment, their procedure was wrong. Since they choose the former, it follows that once committed to this course, they could not present the allegations of Jaffe's Communist connections, assuming they should have done so, without defeating their own objective. Therefore, any criticism of the handling of the case before the Court is solely a question of the validity of the judgment of the Department of Justice attorneys. We do not feel it incumbent upon us to attempt to resolve this legal question, since we find that the Jaffe case was presented to the Court with the sole intention of furthering the best interests of the United States as the attorneys handling the matter in their best judgment and honest belief appraised the situation."

#### Testimony of Messrs. Ladd and Nichols

The testimony of Assistant to the Director D. M. Ladd and Assistant Director L. B. Nichols, furnished to the subcommittee on May 31, 1950, is not set out in the report in its entirety. However, from time to time, excerpts of their testimony are mentioned in footnotes. It is further noted that in Appendix I, which is a statement concerning the investigation by the subcommittee, under 10 (c), it is stated that one of the matters gone into by the subcommittee was the interrogation of Associate Director D. M. Ladd and Assistant Director L. B. Nichols of the FBI concerning the investigation of the Amerasia case. It is stated that these gentlemen advised they were in a position to supply the full story of the case from the FBI's standpoint and that their testimony before the Subcommittee, along with the Hobbs Committee record, constituted the complete story. (Appendix I, pages 155, 156)

THE SOURCES OF THE CHARGES  
(Pages 144-148)

The Committee reported that after an extensive investigation it felt in a position to indicate the primary sources of the charges which have been made in this case.

Charge of Large Number of Communists in the State Department

The Committee stated that investigators of the House subcommittee, considering the State Department appropriation during the Eightieth Congress, prepared memoranda concerning 108 individuals based on information contained in State Department security files. These memoranda, continued the report, did not represent or purport to be a full analysis of the files involved and in some instances related to applicants never employed and to cases of mistaken identity; four committees of the Eightieth Congress did not regard the memoranda as significant or indicative of disloyalty in the State Department and they did not even submit a report concerning them.

Selections from these 108 memoranda, dressed up to appear more sinister and alarming, it was charged, were used by Senator McCarthy as the basis for his February 20, 1950, speech on the Senate floor which precipitated the investigation and which were presented as information only recently given him covertly by "loyal" employees in the State Department.

Charge That Communists and Other Disloyal Forces in the State Department Sabotaged American China Policy

Three well-defined sources were said by the Committee to have been responsible for the charge that disloyal individuals have been responsible for the "failure of America's China policy." These were listed as perversion of the testimony of Patrick J. Hurley, former Ambassador to China, before the Senate Foreign Relations Committee in December, 1945; Alfred Kohlberg, New York City importer; and an article purportedly written by Emmanuel S. Larsen, one of the defendants in the Amerasia case, for the October, 1946, issue of Plain Talk. Larsen repudiated the latter article in all essential respects, submitting to the Committee his draft—which bore "little or no resemblance to the articles which was published." The action attributed to Isaac Don Levine, editor of Plain Talk, and his associates in connection with the article was condemned by the Committee as beneath contempt.

THE FACTS BEHIND THE CHARGE OF "WHITEWASH"  
(Pages 149-151)

The Committee bitterly assails the charge that it had "whitewashed" the investigation into McCarthy's allegations concerning Communists in the Government, stating that such charges were an "organized campaign of vilification and abuse." The report then gives an analysis of the campaign, stating that the factors responsible for such a campaign were:

1. The necessity of creating the impression that the inquiry was not thorough and sincere in order to camouflage the fact that the charges made by Senator McCarthy were false and that the Senate and the American people had been deceived. The report states that from the beginning, Senator McCarthy had sought to leave the impression that the Committee was investigating him, instead of the "Disloyalty in the State Department," because it is now known that he had no facts to support his "wild and baseless charges," and lived in mortal fear that this situation would be exposed.

2. An effort to force upon the Committee the adoption of unfair methods and procedures which would permit the "conviction" of individuals on the basis of unwarranted considerations. The report stated that the Committee had tried to apply the principles of fair play, and when a charge against an individual was publicly made, to give that person a chance to make a public reply. The report claims that an attempt was made to force upon the Committee the "rankest sort of hearsay testimony, and then when such testimony was not allowed, cries of "whitewash" were heightened.

3. A third factor in the campaign to create the "whitewash" idea was the desire to leave the thought that the Committee was engaged in a cover-up of something dark and sinister in the administration. The report states that this tactic was a political maneuver designed to obfuscate the fact that the proponents of the charge of disloyalty in the State Department were without facts, and was thwarted when the President opened the loyalty files to the Committee.

4. The fourth factor in the "whitewash" campaign was the fact that a prominent newspaper chain (unnamed) was being sued for libel by one of the defendants in the Amerasia case with the result that, by seeking to force procedures and findings of a certain character, it was felt the suit would be unsuccessful.

The Committee's report states that the campaign of vilification and "whitewash" had been partially successful due to the following considerations:

1. The fact that until now the Committee has not been in a position to tell the truth (about the "whitewash" charges) to the American people.
2. "Another consideration is the oft-repeated and natural reaction of many good people that goes something like this - 'Well, there must be something to the charges, or a United States Senator would never have made them.'"
3. The third consideration has been the readiness of many people to believe charges of disloyalty in the State Department by reason of the Alger Hiss case.
4. The fourth and final consideration has been the vague uneasiness of many Americans concerning the ascendancy of the Communists in China and the decline of the Nationalist Government. The Committee feels that such a setting makes a fertile ground for the people to believe that someone, perhaps in our own State Department, may have been responsible for this situation. The Committee recommends the State Department "White Paper" to anyone desiring to know the real facts concerning American diplomacy in China during 1944-1949.

GENERAL OBSERVATIONS  
(Pages 151-152)

The report states that in concluding the report of its investigation, it was constrained to make several observations which were regarded as fundamental. The first was that "It is, of course, clearly apparent that the charges of Communist infiltration of and influence upon the State Department are false." The Committee states that "we have seen the technique of the 'Big Lie,' employed by the totalitarian dictators with devastating success, utilized for the first time on a sustained basis in our history." The Committee states that it is its sincere opinion that the charges of the character made in this case seriously impair the efforts of the agencies of the Government in combatting the problem of subversion. The report states that the charges made by McCarthy had succeeded to a great degree in doing what the Communists themselves had been trying and were unable to do - divide our people here at home and our allies abroad.



"We have seen how, through repetition and shifting untruths," states the report, "it is possible to delude great numbers of people." It was noted that an analysis of this technique was contained in Appendix 24, a review of which follows.

ANALYSIS OF THE CHARGES MADE BY SENATOR  
JOSEPH R. McCARTHY  
(Appendix 24, Pages 296-337)

The Committee notes that on February 9, 1950, Senator McCarthy opened a campaign against the Department of State which of its kind was perhaps the most sensational in the history of the United States. "Unparalleled in cynical character assassination," reports the Committee, "ranging in its application from the President of the United States to minor Washington clerks, professionally and expertly keyed to lurid sensationalism, viciously unscrupulous in falsely heightening the fears of the public in a time of international crisis, versatile, opportunistic, and, at times, desperate, Senator McCarthy gave birth to and steadily nurtured a phenomenon designated, by common consent, as 'McCarthyism'".

Appendix 24 is a Memorandum analyzing Senator McCarthy's charges in four parts: 1. The McCarthy Charges in General. 2. The McCarthy Techniques and Methods. 3. The Effects of McCarthyism. 4. The Contradictions and Conflicts in the McCarthy Charges.

1. The McCarthy Charges in General

Various charges made by Senator McCarthy commencing with his speech at Wheeling, West Virginia, on February 9, 1950, are recounted, followed by the Committee's comments regarding refutation of such charges. It is noted that in a speech at Chicago on May 6, 1950, Senator McCarthy included an alleged statement by J. Edgar Hoover that the Amerasia case "is a 100-percent airtight case of espionage." The Department of Justice denied, adds the Committee, that Mr. Hoover ever made such a statement. Before the Senate on June 6, 1950, Senator McCarthy charged that the FBI had sent to the State Department a chart listing "agents," "Communists," "sympathizers" and "suspects," according to the report, which adds that no such chart had been prepared by the FBI but had been compiled by the State Department on May 15, 1946.

## 2. The McCarthy Techniques and Methods

Under this heading the Committee describes Senator McCarthy's most important and shocking technique as the sweeping accusation unwarranted by evidence. Listed thereafter are the multiple untruth, manufactured evidence, repetition, deliberate perpetuation of confusion, headline production and the "Yahoo" (anti-intellectual) appeal. The Committee sets forth considerable information in support of these appellations.

## 3. The Effects of McCarthyism

The effects of any given technique, reports the Committee, may not in itself be serious and even the use of a number of them—with some restraint—may be considered a normal phenomenon in the world of practical affairs. When, however, these techniques are used by a United States Senator under the circumstances of world crisis, and for the purpose of attacking the spokesman for the United States in the field of foreign affairs, the effects can be expected to be extremely serious. The Committee then declares Senator McCarthy's methods and techniques have undoubtedly confused our friends and heartened our enemies; diverted the energies of the public and public officials; undermined the procedures of the U. S. Senate and democracy by fraudulent inducement of appointment of a special investigating committee; demoralized public servants; and deprived individuals of legal redress by making unwarranted charges under cover of Congressional immunity.

## 4. Contradictions and Conflicts in the McCarthy Charges

Under this caption the Committee lists a large number of charges by Senator McCarthy and points out what it terms contradictions and conflicts.

The Director

July 11, 1950

D. M. Ladd

**SUBCOMMITTEE OF THE SENATE FOREIGN  
RELATIONS COMMITTEE  
LOYALTY OF GOVERNMENT EMPLOYEES**

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE

**PURPOSE**

To submit for your information the results of a review of the proposed report of the Subcommittee of the Senate Foreign Relations Committee concerning information appearing therein which directly relates to the FBI or FBI personnel, and to also highlight comments of the Subcommittee.

**BACKGROUND**

At 4:50 PM on July 10, 1950, a copy of the proposed report of the Subcommittee of the Senate Foreign Relations Committee was made available to the Bureau on a highly confidential basis, it being stipulated that no copies should be made nor any notations made thereon.

This proposed report and the attached appendices (consisting of 337 pages in all) have been reviewed for information which directly relates to the FBI or FBI personnel, special emphasis having been placed on such information as reflects adversely on the Bureau. In this connection, however, it is noted that page sixty-two of the proposed report, as submitted to the Bureau, was missing and therefore could not be reviewed.

In making this review, no attempt has been made to compare the conclusions set forth in the proposed report with the facts as contained in Bureau files, and other than those which directly concern the Bureau no attempt has been made to establish the accuracy or inaccuracy of statements appearing therein.

Generally, throughout the proposed report, references made to the FBI or FBI personnel are commendatory. The findings and conclusions of the Subcommittee are generally favorable to the individuals charged by Senator McCarthy, and no recommendations for dismissal are made.

**ACTION**

The attached memorandum is submitted for your information.

Attachment

EMG:EFF ADDENDUM - July 11, 1950

Your attention is particularly called to page 6 of the

OK [Signature]

attached memorandum wherein is set forth a statement with reference to McCarthy's charge about the stripping of the State Department's files indicating that "the files were reviewed by Agents of the FBI and the Department of Justice ....". This, of course, is incorrect.

On page 16 of the attached memorandum, it is pointed out that the Department of Justice has advised the Department of State that Mr. Hoover never made the widely publicized statement that it was a one hundred per cent airtight case against the Amerasia defendants. This of course is an incorrect statement and while the Department has been advised of the inaccuracy of this, the Committee has not.

On page 26 of this memorandum, it is noted that the letter from the Director to the State Department with reference to the chart prepared by Sam Klaus was set forth in full.

With reference to the Amerasia Case on page 30 of the attached memorandum, it is set forth that representatives of the Criminal Division conferred with FBI officials on the morning of September 28, 1945, and it was generally agreed that the case was in serious jeopardy. A number of suggestions were made and discarded. This leaves the erroneous impression that the Bureau might have concurred in the Department's handling of the prosecution.

It is pointed out that the full testimony of the Bureau's representatives is not set forth in the report. Excerpts from the testimony are mentioned in the footnotes.

It is noted that the question, which was 7B in the testimony, was changed. This question is quoted and reads "Was evidence sought and obtained by entering the apartment and premises of the accused without legal process and without the knowledge of the accused." Mr. Nichols' answer was then quoted.

The next question is worded "Were these entries of the premises before arrests made by the Agents without legal process and without the knowledge of the subjects?" The words "surreptitiously" and "stealthily" are not used.

Mr. Tolson \_\_\_\_\_  
Mr. E. A. Tamm \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Ladd \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Rosen \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Mr. Egan \_\_\_\_\_  
Mr. Gurnea \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Mohr \_\_\_\_\_  
Mr. Pennington \_\_\_\_\_  
Mr. Quinn Tamm \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Mr. Nease \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

July 11, 1950

**STATE DEPARTMENT EMPLOYEE LOYALTY**  
**INVESTIGATION**

REPORT  
of a  
SUBCOMMITTEE OF THE  
COMMITTEE ON FOREIGN RELATIONS

Pursuant to

S. Res. 231

A RESOLUTION TO INVESTIGATE WHETHER THERE  
ARE EMPLOYEES IN THE STATE DEPARTMENT  
DISLOYAL TO THE UNITED STATES

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STATE DEPARTMENT EMPLOYEE LOYALTY  
INVESTIGATION

REPORT  
of a  
SUBCOMMITTEE OF THE  
COMMITTEE ON FOREIGN RELATIONS

Pursuant to

S. Res. 231

A RESOLUTION TO INVESTIGATE WHETHER THERE  
ARE EMPLOYEES IN THE STATE DEPARTMENT  
DISLOYAL TO THE UNITED STATES

Subcommittee on Senate Resolution 231

MILLARD E. TYDINGS, Maryland, Chairman  
THEODORE FRANCIS GREEN, Rhode Island      BOURKE B. HICKENLOOPER, Iowa  
BRIEN McMAHON, Connecticut      HENRY CABOT LODGE, Jr., Massachusetts  
Edward P. Morgan, Chief Counsel  
Robert L. Heald, Assistant Counsel  
William J. Kline, Assistant Counsel  
Robert Morris, Assistant Counsel  
Lyon L. Tyler, Assistant Counsel

INTRODUCTION

Under the introduction of this report, it is pointed out that on February 22, 1950, the Senate adopted Resolution 231, authorizing and directing the Senate Committee on Foreign Relations, or any subcommittee thereof, to conduct a full and complete study and investigation as to whether persons who are disloyal to the United States are or have been employed by the Department of State. The Committee was directed to report to the Senate at earliest practicable date results of investigation and recommendations. If recommendations included formal charges of disloyalty, the Committee, before making recommendation was directed to give the individual open hearings for purpose of taking evidence or testimony. In the conduct of this study and investigation, the Resolution directed the Committee to procure by subpoena and examine complete

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Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Harbo \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

loyalty and employment files and records of employees of State Department and such other agencies against whom charges have been heard.

Pursuant to Res. 231, a subcommittee of the Senate Foreign Relations Committee, comprised of Senators Tydings (Chairman), Green, McMahon, Hickenlooper and Lodge, was appointed to conduct the investigation. Beginning with public hearings on March 8, 1950, public or executive hearings were held on 31 subsequent days, ending on July 7, 1950, during the course of which 35 witnesses appeared. Additionally, a special subcommittee consisting of Senators Green and Lodge interrogated a total of 34 witnesses both in the United States and abroad.

The report called attention to the circumstances behind the Resolution, referring to Senator McCarthy's speech on February 9, 1950, at Wheeling, West Virginia, when he allegedly stated that although he could not take the time to name all the men in the State Department who had been named as active members of the Communist Party and members of a spy ring, he had in his hand a list of 205 names that were made known to the Secretary of State as being members of the Communist Party and who nevertheless were still working and shaping policy in the State Department; further, that in an interview over a radio station at Salt Lake City, Utah, on February 10, 1950, McCarthy said, "Last night I discussed the Communists in the State Department. I stated I had the names of 57 card carrying members of the Communist Party." Considerable attention is directed to the fact that the number and characterization of Communists in the State Department had dropped over night from 205 "named as active members of the Communist Party and members of a spy ring" to "57 card carrying members of the Communist Party." The report relates that since Senator McCarthy had left the unmistakable inference he had recently obtained from unrevealed sources in the State Department the information he was presenting, despite the inconsistencies apparent from the outset, an immediate and thorough investigation was necessary. Accordingly, Senate Resolution 231 introduced by Senator Scott W. Lucas was adopted.

CONCEPTION OF THE SUBCOMMITTEE'S DUTY  
(Pages 4 - 5)

It is pointed out that Res. 231 was the result of McCarthy's charges and the inquiry contemplated utilization of and development of information which McCarthy had assured he had recently obtained; that the Committee had not conceived its function to be that of superseding the Federal Bureau of Investigation in its investigations of the loyalty of Federal employees or of the House Committee on un-American Activities.

INITIAL PHASE OF THE INQUIRY  
(Pages 5-6)

According to the report, the first witness to appear before the subcommittee was Senator McCarthy who, according to the report, had no evidence whatever to submit concerning the individuals discussed by him previously but insisted the evidence to support the charges would be found in the loyalty files maintained in the Executive Branch of the Government. The report points out this was both interesting and significant since it was well known that under the President's Directive of March 13, 1948, the release of information developed concerning employees incident to the Loyalty Program was prohibited. The report stated from the very outset the subcommittee was subjected by Senator McCarthy and certain segments of the press and radio to a campaign of villification probably unparalleled in the history of Congressional investigations; that the unwarranted cry "whitewash" was raised even before the hearing started and equally unfair and malicious allegations were made throughout the proceedings.

THE STORY OF THE "81 CASES"  
(Pages 6-9)

This section of the report refers to the investigation of 108 loyalty files of the State Department conducted in 1947 by investigators for a subcommittee of the House Committee on Appropriations in connection with the State Department's Appropriation Bill for 1948. It points out that a case by case analysis by the Tydings Subcommittee of the 81 Cases referred to by Senator McCarthy on February 20, 1950, revealed that all 81 cases were included in the "108 list"; that language employed by Senator McCarthy in his "81 Cases" is similar textually to the language used in the counterpart cases appearing in the "108 list"; that where variations in the case descriptions used by Senator McCarthy occur, the language had been changed by Senator McCarthy to create a more sinister impression and where he changed the facts in the case descriptions he had changed them to create worse impressions. The report further points out that a review of the 108 memoranda prepared by the House investigators in 1947 shows that they were limited to derogatory information appearing in the files without reference to information tending to disprove allegations and did not appear to be concerned with the merits of the cases but dealt merely with the basis for or inadequacy of the investigations.

The report comments that Senator McCarthy's speech before the Senate on February 20, 1950, constituted a perversion compounded of the State Department's loyalty files in terms of the situation that prevailed not in 1950 but back in 1947 and that Senator McCarthy had received no under-cover information from "loyal" or "disturbed" State Department employees as he led the Senate to believe but his information was beyond all reasonable doubt a "dressed up" version of material developed by the 80th Congress.

The Tydings Committee report brings out that it was confronted with the annoying spectacle of four different committees of the 80th Congress, which was controlled by Senator McCarthy's own Party, having considered the very same files and information which provided the predicate for the McCarthy charges, with none of these committees so much as regarding the situation as one meriting a report for citing a single State Department employee as disloyal. The four committees of the 80th Congress referred to are specified as being the subcommittee of the House Appropriations Committee, 80th Congress which originally considered the list of "108 cases," a subcommittee of the House Committee on Expenditures in the Executive Departments which held hearings in March, 1948, regarding handling of loyalty cases by the State Department, a "Committee of One" (Representative Bartel J. Jonkman, Republican, Michigan) who made a probe into State Department security and reported thereon to the House on August 2, 1948, and a subcommittee of the Senate Appropriations Committee, 80th Congress which, being cognizant of the memoranda of the "108 Cases" had examined Secretary of State George C. Marshall regarding the State Department's loyalty program.

Mention is made of the fact that Mr. John E. Peurifoy of the State Department, in testifying regarding the "108 Cases" before the subcommittee of the House Committee on Expenditures in Executive Departments, 80th Congress, pointed out that only 57 of the 108 individuals were then employed in the State Department. From this the Tydings Subcommittee states that it is clear Senator McCarthy's reference to "57 card-carrying members of the Communist Party" was actually a reference to the 57 State Department employees mentioned by Mr. Peurifoy.

REVIEW OF LOYALTY FILES  
(Pages 9 to 12)

In this section of the report, mention is made of the review of the files concerning the individuals charged by Senator McCarthy in his speech before the Senate on February 20, 1950, made by members of the Tydings Subcommittee at the White House. It is pointed out that in reviewing the files the Committee members recognized that they sat in judgment on the work of the FBI, the State Department Security Staff, the State Department Loyalty and Security Board and in some instances the President's Loyalty Review Board, representatives of which agencies had previously appeared before the Committee and impressed the Committee with their background, character, integrity, and manifest patriotism; that to assume any one of these representatives would have been a part to or have countenanced in any way harboring in the State Department of persons disloyal to the United States would not only have been absurd but unwarranted. However, the Committee was also mindful of the charge implicit in Senator McCarthy's allegations that an individual or individuals responsible for ferreting out disloyal employees, deliberately or otherwise, failed to perform his or their official duties. The Committee also realized that the officials responsible for making a determination of an employee's loyalty were in a much more favorable position to make such a determination and the function of the Committee was properly that of passing judgment on an administrative finding not unlike the function of an appellate court. A third consideration of the Committee in reviewing these files was the standards and criteria laid down under the Loyalty Program.

The following quoted comments of the Committee as they appear in its report illustrate the general findings of the Committee as a result of its review of the files in question and also illustrate comments of interest made by the Committee and pertinent references to the FBI:

"With the foregoing considerations in mind, we have carefully and conscientiously reviewed each and every one of the loyalty files relative to the individuals charged by Senator McCarthy. In no instance was any one of them now employed in the State Department found to be a 'card carrying Communist,' a member of the Communist Party or 'loyal to the Communist Party.' Furthermore, in no instance have we found

"In our considered judgment that the decision to grant loyalty or/and security clearance has been erroneously or improperly made in the light of existing loyalty standards."

.....  
"What we have found have been meticulous and comprehensive investigations conducted by the FBI. These investigations have been exhaustive and provide, in so far as humanly possible, a thorough going exploration of every avenue through which an employee's background and loyalty may be pursued and determined. The files reflect a similar thoroughness on the part of the State Department's Security Staff. Where loyalty hearings have been involved, the proceedings have been pertinent and comprehensive in contemplation of the issues involved."

.....  
"We are fully satisfied, therefore, on the basis of our study of the loyalty files, that the State Department has not knowingly retained, in its employ, individuals who have been disloyal."

.....  
"What the State Department knows concerning an employee's loyalty is to be found in its loyalty and security files. These files contain all information bearing on loyalty, obtained from any and all sources, including, of course, the reports of full field investigation by the FBI. Interestingly, in this regard, no sooner had the President indicated that the files would be available for review by the Subcommittee than Senator McCarthy charged they were being 'raped,' altered, or otherwise subjected to a 'housecleaning.' This charge was found to be utterly without foundation in fact. The files were reviewed by Agents of the FBI and the Department of Justice has testified that all information bearing on the employee's loyalty, as developed by the FBI, appears in the files which were reviewed by the Subcommittee." (The underlining has been added to highlight this particular comment as it appears in the Tydings Report, since the comment implies that Bureau Agents actually reviewed the files of the State Department on the individuals involved for the purpose of ascertaining whether they were complete. We, of course, did not review the State Department



files for this purpose but did make a review of the Bureau's files for the purpose of furnishing to the Attorney General a brief specifying Bureau correspondence whereby information concerning these individuals had been furnished to the State Department and the Civil Service Commission. This brief was requested by Mr. Peyton Ford to assist the Attorney General in preparing a letter addressed to the Tydings Subcommittee, concerning the cases named on a "Subpoena List" received by the Justice Department from the Tydings Subcommittee. It is interesting to note that the Tydings report footnotes the comment underlined above by referring to a letter from the Department of Justice dated June 16, 1950, "printed in the record.")

"The most amazing thing in connection with our review of the loyalty files made available to us by the President is the fact that Senator Hickenlooper read only 9 of the files and Senator Lodge 12. Despite, therefore, the clamor and demand that was raised by Senator McCarthy, along with his associates, and the assertion that the loyalty files would 'prove his case,' we find the most unbelievable situation of the members of Senator McCarthy's own Party on our Subcommittee taking the trouble to read only a very small percentage of the files made available for these examinations by the President."

.....

"Our review of the files reveals to us the value and necessity of the Loyalty Program.... We fully endorse the Program and feel that the necessity for perennial vigilance to prevent the penetration of our Government by those who would subvert and destroy it is of paramount importance.... The job is one to be performed in a quiet, sober, intelligent manner by those trained and competent for the task. We believe that in the FBI our Government has the finest investigative organization in the world under one of the most eminent and capable career public servants in this or any other generation, Mr. J. Edgar Hoover. They possess the ability in a quiet and unobtrusive manner to gather the facts concerning the loyalty of Federal employees and to keep abreast of and forestall the constant efforts of our enemies to place their minions in the Government service. Of this we are fully satisfied. Additionally, we have found, as heretofore suggested, no instance where officials in the State Department, charged with responsibility for taking action on the basis of disloyalty, have failed to do so where the facts as developed by the FBI have revealed evidence of a type and character warranting a finding of disloyalty or security risk under the standards which have been laid down for their guidance."

PROBLEM CONFRONTING THE STATE DEPARTMENT IN 1945 - 1946  
(Pages 12 - 18)

This section of the report refers to the fact that in order to appreciate the problem of security in the State Department and the true source of the charges that have been made, it is necessary to consider the situation with which the State Department was confronted in late 1945 and early 1946 following the end of hostilities. Briefly, it is pointed out that various emergency agencies were established during the war which employed some individuals whose connection in a Communist sense would bar them from employment today; that there was a shortage of civilian personnel during the war and it was impossible to conduct adequate investigation of a great number of employees; that the Soviet Union was our ally during the war but at the end of hostilities it became apparent the Soviet Union did not contemplate co-operation and friendly relations with democratic countries and that employees having Communist complexions who were tolerated where necessity required during the war had to be removed from Federal Service. It is pointed out that by various executive orders in late 1945 and early 1946, 12,797 employees of emergency war agencies (OSS, OWI, FEA) were transferred to the State Department and a screening committee established by the State Department to cull out the "rotten apples." The report quotes a statement on this entire problem submitted by the State Department showing the action taken with respect thereto. The Tydings Subcommittee comments that it is fully satisfied the State Department handled the inordinate personnel problem incident to the transfer of over 12,000 employees of other agencies in a capable manner and that every effort had been made to weed out disloyal employees.

HANDLING OF THE LOYALTY PROGRAM  
(Pages 18 - 25)

This section of the report is a discussion of the organization, personnel and procedures of the State Department, the Loyalty Security Board of the State Department, and the President's Loyalty Review Board. The procedures for handling of applicants and incumbents under the Loyalty Program and the summary dismissal power of the State Department provided by the McCarran Rider are discussed together with the standards applicable to each of these authorities. It is the conclusion of the Tydings Subcommittee that the Loyalty and Security Program of the State Department is being administered efficiently, fairly, and in the best interests of the government. The Subcommittee comments that in one respect the handling of applicants may be improved in that an applicant

is actually sworn in as an employee prior to a preliminary check with the Federal Bureau of Investigation. If this check reveals disloyal information the State Department must then resort to the full procedure under the Loyalty Program, whereas if made prior to employment and derogatory data is developed the State Department could then deny the application outright. A comment is also made by the Subcommittee that it feels the Loyalty Program in its entirety warrants study to determine whether it is deficient in that it recognizes only the disloyal standard.

PROBLEM OF STATE DEPARTMENT SECURITY  
(Page 25)

This section of the report merely refers to a study made by Senators Green and Lodge, regarding the State Department's peculiar problem of security in view of the global disposition of its employee's activities and installations.

THE CASES OF THE INDIVIDUALS PUBLICLY CHARGED  
(Pages 25 - 95)

This section of the report is devoted to a discussion of individuals charged publicly by Senator McCarthy which will be dealt with individually hereafter. In addition, mention is made of the "Three Big Communists" mentioned by Senator McCarthy on February 20, 1950, as being cases No. 1 (Herbert Abner Fierst), No. 2 (John Carter Vincent), and No. 81 (Ruby Parson). The Committee points out it has reviewed the loyalty files on these three cases and found nothing to sustain Senator McCarthy's assertion they are "big Communists," or of "tremendous importance and of great value to Russia," or are a part of an "espionage ring in the State Department." It is pointed out that the individual involved in case No. 81 (Ruby Parson) resigned from the State Department on April 2, 1948.

Reference is also made to case No. 53 (Richard Howell Post) described by Senator McCarthy as one of the most dangerous Communists in the State Department and case No. 57 (Fred Warner Neal) concerning whom Senator McCarthy urged immediate action. The Committee points out that No. 53 resigned from the State Department on December 30, 1948, and No. 57 resigned March 12, 1948. The Committee thereafter cites the above as illustrative of the reckless and irresponsible treatment of the facts by Senator McCarthy.

Set forth hereafter are the individual cases described in the Subcommittee report:

MRS. ESTHER CAUKIN BRUNAUER  
(Pages 26-29)

The Subcommittee found that Mrs. Brunauer was a member of one organization cited as a Communist front "and that in 1934 and 1936, over 14 years ago, she participated in two meetings sponsored by a pro-Soviet organization of which she was not a member." The conclusion was reached that there is no evidence that Mrs. Brunauer is disloyal, a Communist sympathizer or a security risk.

GUSTAVO DURAN  
(Page 30)

Senator McCarthy charged that Duran was well known for his rabid Communist beliefs and activities and was active in secret Soviet operations in the Spanish Republican Army. The Committee did not discuss Duran in the body of its report because of the fact that his employment with the State Department ceased before the Loyalty Program was instituted.

The charges against Duran and his replies were set forth in Appendix 9:

APPENDIX 9  
CASE OF GUSTAVO DURAN  
(Pages 182-187)

Duran submitted a "Memorandum to Senator Tydings," dated March 30, 1950, setting forth his answers to Senator McCarthy's charges. Referring to the Spanish newspaper ARIERA, which he claims was the indirect source of some of the Senator's allegations, he notes that it erroneously reported that he came to Madrid "for the first time in the 1920's from the Canary Islands." Duran notes he was born in Barcelona, Spain, and resided continuously with his family in Madrid from 1910 until 1929. Duran writes:

"The Federal Bureau of Investigation has in its files a list of the various domiciles of my family. This information which was provided by me, can be easily checked."

The foregoing is substantially correct. When interviewed by Mr. Ladd on April 29, 1946, he furnished biographical data concerning his parents and himself, and set forth their domiciles as well as those of his own which he could recall.

His attorneys, Baldwin, Todd & Lefferts, also forwarded the Director, under date of April 17, 1950, a complete biographical sketch.

With reference to Senator McCarthy's charges that Indalecio Prieto, former Minister of Defense for the Spanish Republican Cabinet, in his pamphlet, "Why and How I Left the Ministry," described Duran as an agent of the Secret Russian Police or a member of the Comintern, Duran writes:

"Subsequently, Mr. Prieto stated to Messrs. Robert Wilson Wall, Jr. and Robert Godfrey, Attaches to the American Embassy at Mexico City, that he had appointed me as head of the Madrid Zone of the Military Intelligence Service (SIM) at the proposal of General Miaja, then Commander of the Army of Madrid; he then reiterated that he (Prieto), like others in the Government who were equally hostile to Communism, had been subjected to Communist pressures."

Actually, Prieto said considerably more than Duran noted. When interviewed by Special Agents Wall and Godfrey, he stated that he did not know him prior to the appointment but that because Miaja, who was himself closely associated with the Communist Party and Soviet interests in Spain, had recommended him, he assumed that Duran was a Communist. Prieto said he had no proof of this nor of any allegation that Duran was or had been an agent of the Soviet Union. He believed Duran had been subjected to considerable Communist pressure, as were all members of the Spanish Government.

HALDORE HANSON  
(Pages 30 - 37)

Hanson is the individual whom Senator McCarthy described as having a mission to communize the world. Louis Budenz testified he knew Hanson from official records to be a member of the Communist Party. Budenz' information was based, according to his testimony, on oral information received in 1940 and 1941. Budenz thought Jack Stachel gave him Hanson's name. Budenz testified that the first time he had indicated to anyone that Hanson had ever been reported to him as a Communist was a week prior to his testimony on April 25, 1950, when he gave Hanson's name, among others, to the FBI. Hanson declared he was given a complete clearance by the Department of State following a comprehensive investigation by the FBI under the Loyalty Program. He testified on March 28, 1950, he thought subversives could be ferreted out by the quiet, sober, thorough methods now used by the FBI.

The Committee stated it was clear that (1) Hanson was not, as claimed by Senator McCarthy, "one of the most strategically important officers in the entire State Department"; (2) that Hanson would not, as alleged by Senator McCarthy, head a program charged with expending hundreds of millions of dollars; and, (3) that information used by Senator McCarthy to uphold his allegations of pro-Communism against Hanson failed in credibility, relevancy, and competency. The testimony of Budenz left the Committee "torn degree, in wonderment." In the face of the results of the FBI investigation, action of the Loyalty Board and the evidence presented, the Committee could not accept Budenz' testimony as controlling.

PHILIP C. JESSUP  
(Pages 37 - 43)

The Committee sets forth the allegations made against Dr. Jessup by Senator Joseph R. McCarthy in support of his general charge that Dr. Jessup possessed "an unusual affinity for Communist causes," and then proceed to show how Senator McCarthy had failed to substantiate the allegations.

It is noted that the Committee's report states that "we have seen the loyalty file concerning Dr. Jessup which reflects no basis for considering him disloyal or a security risk." Actually, the Bureau's reports reflect the following concerning Dr. Jessup:

1. He was one of the Sponsors for a dinner held by the American Russian Institute in New York in 1946.



2. Information from a reliable informant to the effect that in 1941 Jessup's name appeared on a list of names maintained in the Headquarters of the National Federation For Constitutional Liberties.
3. That Dr. Jessup was a signer of a call for a "National Emergency Conference" in Washington, D. C. in 1939.
4. That he was a member of the Board of Sponsors of the "National Emergency Conference for Democratic Rights" in 1940.
5. That he was Faculty Advisor of the "American Law Students Association," while at Columbia University.
6. That his wife was a member of the China Aid Council.
7. That he was a member and an officer of the Institute of Pacific Relations.

Senator McCarthy's charges included the above points, and the Committee's report takes up each, concluding that "the true facts, therefore, are that Dr. Jessup was shown to have been associated with only two organizations, in both cases prior to the date they were cited as Communist fronts." The Committee concluded that "the facts before us fail completely to establish that Philip C. Jessup has 'an unusual affinity for Communist causes' and that the Subcommittee felt that the accusations made against Dr. Philip C. Jessup are completely unfounded and unjustified, and have done irreparable harm to the prestige of the United States."

DOROTHY KENYON  
(Pages 45 - 48)

With reference to Kenyon, the report set forth the admitted affiliations of Miss Kenyon, the affiliations of Miss Kenyon not denied, other alleged connections of Miss Kenyon, other evidence, and concluded with the statement that the evidence before the Subcommittee failed to establish that Dorothy Kenyon is a Communist or an otherwise disloyal person.

OWEN LATTIMORE  
(Pages 48-75)

The Committee predicates this section of the report (pages 48 to 74) with the statement that although Owen Lattimore was not an employee of the State Department in real or proper sense, inquiry was made on the basis of the charge that he was the "architect of our Far Eastern policy." Thereafter, Senator Joseph McCarthy's charges against Lattimore are reviewed and portions of the testimony tending to substantiate or refute those statements are commented upon. In their consideration of such testimony, the Committee finds generally that the charges of Senator McCarthy against Mr. Lattimore are unsupported in fact and winds up with the comment, "We believe that the Lattimore case vividly illustrates the danger of promiscuous and specious attacks upon private citizens and their views, and the imperative necessity that inquiries relating to matters of such character, where deemed relevant to our national security, should be handled by the duly constituted agencies of our government that are equipped to handle such matters by intelligent and proven methods designed to obtain the truth without injustice, character assassination, and a prostitution of the American concept of fair play...."

\* \* \* \* \*

Page 50-----"McCarthy insisted that information concerning Lattimore in the FBI files would show 'in detail not the case merely of a man who appears to favor Russia, not the case of a man who might disagree with what we think about Russia, but a man who is definitely an espionage agent...'

"The foregoing assertion had to be taken by us at the outset with the proverbial 'grain of salt'; for if the FBI had evidence that Lattimore was a top Russian spy, either the FBI was derelict (which we do not believe) in not prosecuting him, or Senator McCarthy was compromising an FBI investigation which might result in prosecution."

With reference to possible dereliction by the Bureau for not prosecuting Lattimore, this is erroneous inasmuch as the question of prosecution is not one within the Bureau's province.

\* \* \* \* \*

Page 54-----"Father Kearney was interviewed by the FBI and advised that he had no direct knowledge of Mr. Lattimore's activities and that the principal source of his information had been

Alfred Kohlberg of the American-China Policy Association of New York City. (Footnote---A letter from the Department of Justice confirming this statement will be found in the subcommittee's record.)"

This is an accurate though partial statement of the information given by Father James F. Kearney when interviewed by Bureau Agents on January 20, 1950.

(Brief, page 16; 100-24628-80)

\* \* \* \* \*

Pages 56-57---In commenting on the testimony of Louis Budenz, the report contains the statement, "The subcommittee also notes that only since this investigation and the publicity concerning Lattimore in connection therewith has Budenz given information to the FBI concerning Lattimore, even though Budenz has been reporting for several years to the FBI on various Communist activities and personalities....Similarly in the case of Haldore Hanson, Budenz admitted that Hanson was named by him as a Communist for the first time during the course of our proceedings."

This is an accurate statement, on April 15, 1950, Louis Budenz advising that he had never mentioned to the Bureau what he knew about Lattimore prior to March 27, 1950, because his information was "flimsy" and "not legal" and he had devoted most of his time to furnishing legal evidence.  
(100-24628-725,727)

\* \* \* \* \*

Pages 66-67---"A summary of the files of the FBI pertaining to Owen Lattimore, prepared by that organization, was made available to members of the subcommittee for review. Whereas this summary indicated Lattimore's association and contact with some individuals of known and alleged Communist and pro-Communist views, there was no evidence therein proving Lattimore himself to be a man of willful pro-Communist actions or views. The evidence did not show him to be 'a top Soviet espionage agent' or a member of the Communist Party or Communist underground. The information concerning Lattimore, testified to by Louis Budenz, was not in the possession of the FBI, according to Budenz' own testimony, at the time members of this subcommittee reviewed the summary....

"The foregoing discussion of the information available to us (this phrase apparently includes information set forth in the FBI summary) is quite devoid of any proof that Mr. Lattimore was 'one of the top Communist agents.'"

This statement is misleading in that it does not properly reflect the information made available to members of the subcommittee. On March 23, 1950, there was delivered to Mr. Clive Palmer, of the Criminal Division, a memorandum to Mr. Peyton Ford, dated March 22, 1950, with which was transmitted an eleven-page summary memorandum on Owen Lattimore. This memorandum was displayed to members of the subcommittee. It contained biographical information concerning Owen Lattimore, as well as information concerning his association with the State Department and the United Nations. The memorandum also referred to reports from various sources indicating Lattimore's alleged implication in Soviet intelligence activities. In this connection, however, it was noted that although an extensive investigation had been conducted between March 1949 and the date of the memorandum, no tangible evidence had been uncovered to corroborate the allegations or to indicate that he was involved in Soviet espionage activity. The memorandum made reference to a number of allegations concerning Lattimore, indicating his reported affiliation with Communist-front groups, participation in Communist-sponsored activity, and association with known or suspected Communist Party members and individuals suspected of having acted as Soviet agents.

(100-24628-264)

\* \* \* \* \*

Page 68-----"Senator McCarthy also said this:....'It will be recalled that J. Edgar Hoover at the time said this was a "100-percent airtight case against Service, Roth, and their co-defendants."....The Department of Justice has advised the Department of State that Mr. Hoover never made the widely publicized statement that there was a '100-percent airtight case' against the Amerasia defendants. (Footnote-- This letter will be found printed in the subcommittee record.)"

In this connection, by memorandum dated May 23, 1950, you protested against such use of your name, particularly when that use did not accurately reflect your views. For the information of the Attorney General, you pointed out that on April 12, 1950, John Stewart Service, one of the subjects in that investigation, had asked if you had made a public statement to the

effect that the case against him was a hundred per cent airtight. Under date of April 18, 1950, you advised Mr. Service that you had made no public statement on the Amersia case since the period wherein the arrests occurred, and pointed out to him that the FBI did not pass on the evidence it collected during its investigations but that such evidence was turned over to the Criminal Division of the Department of Justice. You advised Mr. Service, "I presume that they (meaning the Criminal Division of the Department) must have been satisfied with the evidence presented to them by the FBI as they authorized the arrests to be made in this case."

You also pointed out to the Attorney General that on May 4, 1950, you had informed Mr. Peyton Ford that you could not approve his proposed answer (subsequently released by the Department of State) to an inquiry on May 1, 1950, from Mr. John E. Pawrify, of the Department of State, as to whether you had publicly stated that the case was a hundred per cent airtight. You advised the Attorney General that in your communication of May 4, 1950, to Mr. Peyton Ford, you pointed out that in the event you had been asked at the time the arrests were made whether you thought we had an airtight case, you would have stated that you thought we had, and that if asked today you would have to so state.

Pages 68-69---"Senator McCarthy also said this:

"I have another statement which I had a great deal of difficulty getting. I had no difficulty obtaining the information from this man, but he was extremely reluctant to sign a statement, fearing that his job might be endangered if he did so.....

"He gave his consent to his name and this statement being given to the FBI. We had to promise him, however, that his name would not be given to this committee.....

"Then I have another statement gotten under almost the same circumstances, which is being turned over to the Bureau....."

"The Department of Justice furnished the following information concerning the June 2, 1945 meeting at Lattimore's home to which Senator McCarthy referred." (Thereafter the report set forth information obtained from the Department of Justice concerning the two statements).

In referring to the meeting at Lattimore's home on June 2, 1945, the report states:

"The FBI found no evidence during its most thorough investigation of the Amerasia case to indicate that any Government documents were involved in this incident."

On March 30, 1950, Senator McCarthy furnished to the Bureau a two-page, handwritten, signed statement dated March 28, 1950, unattested, of Alberta R. Carter and a one-page, handwritten, signed statement, undated and unattested, of her husband, George F. Carter, a Professor at Johns Hopkins University, Baltimore, Maryland. The statement of George F. Carter appears to be an addendum to the statement of Alberta R. Carter and both statements set forth information concerning the visit of the Carters at the home of Owen Lattimore in "June, 1945" when John S. Service and Lieutenant Andrew Roth were also present. The remarks of Senator McCarthy concerning the acquisition of these statements tended to convey the erroneous impression

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Harbo \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_



that the information embodied therein was first acquired by him at that time. In fact, on February 9, 1950, George F. Carter was interviewed by Bureau representatives, at which time he furnished information in considerable detail concerning Owen Lattimore as well as detailed information concerning the Carters' Sunday afternoon visit in "June, 1945" at the home of Lattimore when John S. Service and Lieutenant Andrew Roth were also present. On the occasion of this interview, George F. Carter exhibited a willingness to assist in any way that he could though he made the request that his identity be kept confidential. (100-24628-155)

On April 6, 1950, Mrs. George F. Carter was interviewed by Bureau representatives, at which time she could add no information of value concerning the "June, 1945" visit at the Lattimore home to that which had been furnished by her husband on February 9, 1950. (100-24628-522)

\* \* \* \* \*

Page 70-----"Senator McCarthy also referred to an affidavit covering testimony which could be given by a former general in the Red Army..... The affidavit was turned over to the FBI by Senator McCarthy. The Department of Justice has advised, with reference to this, in the following terms:....." (Thereafter was set forth information "purported" to have been given by the former general in the Red Army to an investigator for Senator McCarthy).

On March 30, 1950, Senator McCarthy furnished to the Bureau a document entitled, "Expected Testimony from Alexander Barmine" reflecting that while he was a general in the Red Army and in Moscow, he learned from "General Bersin," a high official in Soviet Intelligence, that excellent success had been obtained through the Institute of Pacific Relations which the Soviet Intelligence, through Communists in the United States, had taken over. During this conversation which occurred in the middle 1930's, "General Bersin" mentioned in particular Owen Lattimore and one Joseph Barnes as Soviet men connected with the Institute. A handwritten notation on this document reflects that the information therein was related to Donald A. Surine by Alexander Barmine on March 29, 1950.

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Harbo \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

Alexander Gregory-Graff Barmine, a former Soviet diplomatic official who defected from the Soviets in 1937 and entered the United States in 1940, upon interview by Bureau representatives on December 14, 1948, furnished information to the effect that General I. Bersine had, while Barmine was in Moscow, mentioned that the Soviets had some Americans working for them in China. Barmine named Owen Lattimore as one of the individuals. Barmine was reinterviewed by Bureau representatives on March 27, 1950, at which time, he enlarged upon the previous information he had furnished concerning Lattimore and placed Lattimore in a Soviet Military Intelligence network in China, which used as a cover for its operation, the Institute of Pacific Relations. (100-127080-46; 74-13333-1145; 100-24628-264, 267, and 1222)

\* \* \* \* \*

Page 71-----"Senator McCarthy further stated on the Senate floor:

"I have before me another affidavit, the original of which is being handed to the FBI.....He states that Lattimore was a leader in several pro-Russian student uprisings in China." (The report then quoted information concerning this allegation, noting that it had been received in a communication from the Department of Justice which is printed in the record).

On March 30, 1950, Senator McCarthy furnished the Bureau a five-page, handwritten, signed statement of Upton Close, dated "Mar. 1950" in which it appears that Lattimore, in the early 1920's, was involved in several student uprisings in China along with other Chinese students. It was also indicated in the statement that Lattimore enjoyed a kind of leadership in the group.

On April 1, 1950, Upton Close, McLean, Virginia, was interviewed by Bureau representatives concerning Owen Lattimore. Close advised that he first knew Lattimore around 1920 in China, at which time Lattimore was associated with Young Chinese students who became more and more taken over with Communist activity. Lattimore was considered somewhat of a leader and was an inspiring factor in these Chinese students uprisings. Mr. Close also advised that he had no knowledge reflecting that Lattimore was engaged in espionage for the Soviets, but felt that he was a Communist and that he had been a member of, and in contact with "Communist cells." (100-24628-279)

Nelson \_\_\_\_\_  
 Add \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Glavin \_\_\_\_\_  
 Nichols \_\_\_\_\_  
 Rosen \_\_\_\_\_  
 Tracy \_\_\_\_\_  
 Harbo \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_

Page 72-----In its conclusion concerning Owen Lattimore, the Committee reported that they found that Lattimore was not now and never had been in any proper sense an employee of our State Department; that he had no controlling or effective influence whatever on our Far Eastern policy; and that they found no evidence that he was the "top Russian spy" or any other sort of spy. In this connection, the report contained the statement:

"We have every confidence that were Mr. Lattimore an espionage agent the efficient FBI would long since have taken action against him. The fact that it has not done so and the further fact that we have seen a summary of the FBI's information concerning Mr. Lattimore confirms our opinion in this respect."

These latter conclusions, in so far as they concern the FBI, are, of course, unwarranted. As mentioned above, it is not within the province of the FBI to institute prosecutive action against a subject of investigation, nor can the FBI summary of March 22, 1950 (since supplemented by additional investigation) be properly construed as a clearance of Lattimore in connection with the charges made against him.

\* \* \* \* \*

Page 73-----"Owen Lattimore is a writer and a scholar who has been charged with a record of pro-Communism going back many years. There is no legal evidence before us whatever (this apparently includes information set forth in the FBI summary) to support this charge....

"....we are compelled to comment that in no instance has Mr. Lattimore on the evidence before us been shown to have knowingly associated with Communists."

The nature of the FBI summary of March 22, 1950, has been set forth previously in this memorandum. It is true, however, that the memorandum in itself does not constitute "legal evidence."

\* \* \* \* \*

NOTE:-----Page 62, of the copy of the report as submitted to the Bureau, is missing and consequently has not been reviewed.

FREDERICK L. SCHUMAN

(Page 75)

The Subcommittee found that Frederick L. Schuman has never been an employee of the State Department and that his only connection with the Department was to deliver a one hour lecture at the Foreign Service Institute on June 19, 1946.

JOHN STEWART SERVICE

(Pages 75-94)

The report of the Subcommittee stated that the charges against John Stewart Service have a dual character: (1) that he is pro-Communist as indicated by (a) his reports from China during the period 1943 to April, 1945, in which he allegedly advocated the cause of the Chinese Communists, and (b) his associations during the same period; (2) that he was involved in the abstraction of Government documents in connection with the Amerasia case.

During the discussion of Service's connection with the Amerasia case, it was stated that Senator McCarthy made the allegation, both as a witness and on the floor of the Senate, that "The FBI then took over and reported that in the course of its quest it was found that John Stewart Service was in communication from China with Jaffe." In this connection, the following similar statement is attributed to Emanuel S. Larsen in his article in Plain Talk: "The FBI then took charge of the affair. As established by Congressman Dondoro, the Government agents spent several months on the case. In the course of their quest, it was found that John S. Service was in communication from China with Mr. Jaffe." We, of course, did not show that Service was in communication from China with Jaffe. In later referring to this statement attributed to both Senator McCarthy and Larsen, the Subcommittee report states, "The evidence reveals that Mr. Service did not contact Jaffe from China. The allegation to the contrary is based on Larsen's Plain Talk article, which was repudiated by him."

On Pages 84 and 85 of the Subcommittee report are set out brief statements of Service's activities on some of the days he was covered by physical surveillance. Then follows an explanation by Service of meetings shown by the surveillance. The Subcommittee report states: "This explanation by Mr. Service before us of his contacts with the other subjects in the Amerasia case is almost an exact duplicate of that given by him before the grand jury. It is significant to us that, at the time Service appeared before the grand jury, he had no knowledge of the physical surveillance, or at least no knowledge of what it revealed. Yet his explanation accounted for every meeting reported by the FBI. When this is coupled with the fact

that his explanation was verified by the FBI and found to be correct, no other conclusion can be made but that we, like the grand jury, must find that the explanation is consistent with complete innocence." Prior to his appearance before the grand jury, Service, of course, did give a lengthy statement to Agents during which he furnished much of the material covering his meetings and contacts.

On Pages 87 and 88, under the caption "Technical Surveillance," is set out a partial transcript of conversation between Service and Jaffe in Jaffe's hotel room on May 8, 1945, and this transcript is referred to as a "verbatim quotation" by the Subcommittee in its report. It is noted that on Page 87, one statement is attributed to Service when actually our transcript reflects that the statement was made by Jaffe; this statement is, "I guess these are the only things," and it is made during a discussion of what the Chinese were doing at San Francisco. Then too, throughout the reporting of this transcript in the Subcommittee report there appear some changes in punctuation, but not to the extent that it appears that the meaning of the text is changed. On Page 88, in reporting a statement of Service, following a space left blank to indicate an unintelligible word or words, the words "something skipped" have been inserted and may be interpreted as words spoken by Service.

Following the "verbatim" account of the recording, there is set out "several statements prepared by the FBI" which, in summary form relate additional conversation between Service and Jaffe.

On Page 91, it is reported that Mr. Brookes Atkinson appeared before the State Department Loyalty and Security Board as a witness and verified statements made by Service concerning an article prepared by Atkinson regarding General Stilwell's recall. Service had explained that Atkinson had written a story in the New York Times for October 31, 1944, which contained the gist and the only important part of the story regarding General Stilwell's recall; that he (Service) had returned to the United States with Atkinson and had read the draft of his article while traveling. Following Service's apprehension by Bureau Agents, it should be noted, Atkinson had been quite critical of the Bureau.

On Page 91, the following is also set out: "It is most significant to note that Mr. Service arrived in Washington — April 12, 1945 — and the date the FBI first found him in contact with a subject in the Amerasia case — April 19, 1945. On March 11, 1945, the OSS raided the offices of Amerasia and found there were numerous Government documents therein. Service pointed out that, manifestly, Jaffe's source of Government documents had been fully

developed by that time, which was prior to Mr. Service's return to the United States. We note in this regard that on April 18, 1945, the FBI had a conference with General Holmes of the State Department and Major Correa of the Navy Department. At that time, the Bureau indicated that it was ready to present it for such prosecutive action as the Department of Justice might think proper. On this date, Service had not yet met Jaffe, Mitchell, or Larsen and had met Mark Gayn for the first time on that day...."

In concluding its report of the case of John Stewart Service, the Subcommittee stated, "We have carefully considered the evidence and conclude that John Stewart Service is neither a disloyal person, a pre-Communist nor a security risk. We have been particularly impressed with the frankness and cooperativeness of Mr. Service in his appearance before us. Many questions with hidden implications have been asked him about events that transpired many years ago. Never did he seek to avoid answering on the ground he could not remember but always gave this subcommittee the benefit of any recollection he might have. In addition, he waived his immunity and voluntarily appeared before the grand jury in August of 1945. After hearing all the facts, the grand jury unanimously voted not to indict Mr. Service. We could not fail to be impressed also by the almost continuous scrutiny to which he has been subjected during the last five years. He has been cleared four times by either the State Department Personnel Board of the State Department Security and Loyalty Board." Continuing, the Subcommittee reported, "We have also found significant the fact that Emanuel S. Larsen admitted to the FBI that he had furnished Jaffe with the eight solid copies of the Service reports found in Jaffe's brief case when he was arrested." In a signed statement given to Bureau Agents on June 7, 1945, Larsen stated that he last saw Jaffe on Monday, May 28th, 1945, at the Statler Hotel and at that time he did not give him any documents. That evening, Jaffe visited him at his home and he showed him two State Department reports by Jack Service. Jaffe expressly asked for Service's last reports, according to Larsen, which he apparently knew. Larsen admitted that in addition to these two reports, he had in the past given Jaffe a number of classified documents to read and they may have numbered six to ten documents in all.

HARLOW SHAPLEY  
(Page 94)

Inquiry by the Subcommittee established that Dr. Harlow Shapley is not an employee of the Department of State in any real and proper sense. He was appointed a member of the United States delegation to the Preparatory



Conference for UNESCO at London in 1945. On May 20, 1947, and June 27, 1947, Shapley was designated by the Executive Committee of the American Association for the Advancement of Science and was appointed by the Secretary of State to serve as a representative of that association on the United States National Commission for UNESCO. His term expired April 15, 1950. The Subcommittee stated that within the proper purview of its inquiry, no consideration need be given the charges made against Dr. Shapley.

JOHN CARTER VINCENT

(Page 95)

The Subcommittee disposed of McCarthy's allegations concerning Vincent in two paragraphs, stating that "we have carefully reviewed the loyalty file concerning Mr. Vincent and the McCarthy charges are absurd on the basis thereof. The investigation of Mr. Vincent does not show him to be disloyal or a security risk."

In stating that the loyalty file concerning Vincent had been reviewed, it is believed that the report has reference to the State Department security file pertaining to him. You will recall that the Bureau is conducting a loyalty investigation of Vincent following submission of available data to the Department for an opinion as to whether such an investigation should be conducted. After consulting the State Department, the Department advised that we should proceed with a loyalty investigation.

CHARGES WITH RESPECT TO "FBI CHART"

(Pages 95 and 96)

The Subcommittee here refers to the speech by Senator McCarthy before the Senate on June 6, 1950, where he presented a photostatic copy of a page of a report stated to be based on an FBI chart, allegedly indicating "Agents," "Communists," "Sympathizers" and "Suspects," as employed in the State Department. The Subcommittee states that while these charges are not before the Committee, a great deal of publicity has been accorded the so-called FBI Chart and in view of this situation it is believed that the facts of the matter should be set forth. Thereafter, there is quoted a portion of a letter dated June 28, 1950, from Mr. John E. Peurifoy, Deputy Undersecretary of State, identifying the report in question as having been prepared by Mr. Klaus, then assigned to the Office of the Assistant Secretary for Administration, in connection with a survey of Departmental security investigations. It is observed that on Pages 29 and 30 of the Klaus report, reference is made to a chart alleged to have been prepared by the FBI. Mr. Peurifoy thereafter states no such chart was ever received by the Department

of State from the FBI, nor was such a chart ever prepared by the FBI; that it had been conclusively determined that the chart was not prepared by the FBI but was prepared as an investigator's working document in the Department of State in 1946 and by employees of the Department of State; that the writer of the report drew the unintentional erroneous conclusion that the chart was prepared by the FBI. Mr. Peurifoy makes reference to a letter dated June 14, 1950, addressed by the Director to the State Department advising that the FBI did not send any such chart to the State Department and made no evaluation of information as was indicated in the Klaus report. This letter dated June 14, 1950, addressed by the Director to Mr. James E. Webb, Undersecretary of State, is quoted verbatim in the Subcommittee's report. It is also noted that Mr. Peurifoy's letter to the Subcommittee of June 28, 1950, assures the members that none of the employees named on the chart in question are presently employed by the State Department except those who have since been investigated and who have been checked and evaluated under the Loyalty Program.

Additional details concerning the State Department's repudiation of Senator McCarthy's comments concerning the chart in question are contained in State Department releases of June 6, and June 9, 1950, reproduced in Appendix 17 of the Subcommittee's report.

AMERASIA CASE  
(Pages 96-144)

The Amerasia Case is covered in the report made available by the Tydings Committee beginning on page 96 and ending on page 144.

A review has been made of these pages for any items which are critical of the Bureau, any inaccuracies as to the facts of the case as they are known to the Bureau, and for any other matters which are of interest to the Bureau. The following have been noted:

Page 101

Mr. McInerney's testimony under footnote #324 shows that the Bureau took over the investigation on a twenty-four hour basis beginning March 12, 1945. This statement is inaccurate because the Bureau did not receive the case until March 14, 1945, and the investigation was commenced on the following day, March 15, 1945.

\*\*\*\*\*

Page 102, last paragraph, and first paragraph top of page 103

This part of the report covers the Bureau's answers to questions asked by Senator Tydings in connection with this case.

"QUESTION: Were any employees of the State Department seen giving documents to other persons on the outside?

"ANSWER: While actual physical delivery of documents was not observed, the fact remains that hundreds of classified documents were recovered from unauthorized persons on June 6, 1945. Larsen and Service were observed in frequent contact with Jaffe and Roth. Service also met with Mark Gwyn and has stayed in his New York apartment. Both Larsen and Service have admitted giving documents to Jaffe. Larsen and Service were also observed carrying envelopes or a zipper case out of the State Department. As a further illustration of the operations of this group, Service met with Jaffe in a hotel room on May 8, 1945. Service discussed military, political, and policy matters with Jaffe and cautioned him by saying: 'Well, what I said about the military plans is, of course, very secret.'"

Tolson \_\_\_\_\_  
Ladd \_\_\_\_\_  
Clegg \_\_\_\_\_  
Glavin \_\_\_\_\_  
Nichols \_\_\_\_\_  
Rosen \_\_\_\_\_  
Tracy \_\_\_\_\_  
Harbo \_\_\_\_\_  
Mohr \_\_\_\_\_  
Tele. Room \_\_\_\_\_  
Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

It is noted that the answer to the above question is the same as the answer to question #5 contained in the statement furnished to the Tydings Committee by Messrs. Nichols and Ladd on May 31, 1950; however, the following was omitted "(as we are advised by departmental attorneys.)"

It is also noted that footnote #328 on page 103 states that the statement attributed to Service was not available to the Department of Justice for utilization before the Grand Jury inasmuch as the report concerning the conversation between Jaffe and Service was received by the Department of Justice with the following caveat from the Federal Bureau of Investigation, "Most of the foregoing information regarding the contacts made by the various principles and documents which were exchanged were obtained through highly confidential means and sources of information which cannot be used in evidence."

The report covering the conversation between Service and Jaffe at the Statler Hotel on May 8, 1945 (report of Special Agent Logan J. Lane, Washington Field Office, dated 5-26-45), did not contain any statement as set forth above; however, Bureau letter to Mr. Tom Clark of the Department, dated May 29, 1945, which outlined the facts in this case as of that date, did contain such a statement verbatim on page 8, paragraph 2, under the heading "Evidence." (100-267360-237, 260 p.8)

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Page 103, footnote #331, and page 104, paragraph 7

Mr. McInerney, according to his testimony as shown in footnote #331, page 103, stated as follows:

"When the case came to me on May the 29th, I was aware, of course, of its inception and the nature of the manner in which it started, and as we had done in other cases during the wartime, we authorized prosecution even though we knew that the evidence was tainted, and we authorized prosecution because the Bureau had been very successful in obtaining concessions and admissions which obviated the necessity of having to tender this evidence or offer it in court, and those were the two conclusions I came to on May the 29th, or three conclusions.

"One, that the case was vulnerable because of its inception on the part of OSS; Two, that in evaluating the legal evidence, which largely consisted of physical surveillance only, that we did not then have sufficient evidence to authorize prosecution.

"The third conclusion was that since the Bureau has obtained concessions and admissions in over 80 per cent of its cases, that with the usual break in the prosecution here, we would get incriminating admissions and concessions which would obviate a trial, and show the need for presenting or tendering this evidence....."

The report then goes on to state that Mr. McInerney in explaining his authorization of prosecution stated that he did so "since our experience has already been that we can make a case on an apprehension and search." The report further states that it appears, therefore, that, while realizing insufficient legal evidence was at hand, Mr. McInerney authorized prosecution on the theory that a search conducted incident to the arrest of the six subjects would produce the required evidence, taken with the possibility of securing confessions following the arrests. The report also says that Mr. McInerney authorized prosecution despite his feeling that the case might be vulnerable and the evidence developed also would be held inadmissible in a Court proceeding by reason of the investigative techniques that had been employed by OSS and FBI.

Page 107 footnote 345

This is the first knowledge the Bureau has received that any of the attorneys for the subjects had considered filing a motion to suppress the evidence at a date as early as June 27, 1945. It will be recalled that Larsen filed such a motion on September 28, 1945.

Page 118 to 122

1. Larsen filed a motion to suppress the evidence on September 28, 1945 claiming the FBI had entered his apartment illegally prior to the date of his arrest.
2. The Department had the belief that Jaffe's attorney might file a similar motion as to the Amerasia Offices, thereby destroying the evidence against Jaffe and the other subjects. Having this belief, the Department decided to enter into an immediate agreement with Jaffe's attorney to plead him guilty on September 29, 1945, before Jaffe's attorney had a chance to change his mind.

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3. The Department attorneys had interviewed Larsen and Jaffe and neither of them offered any information to strengthen the case against Roth and, therefore, the Department entered a nolle prosequere as to Roth.

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Page 130 paragraph 6

The report stated as follows:

"On September 28, 1945 the Criminal Division was informed that Larsen's attorney was about to file a demurrer, motion to quash the indictment and an application to suppress the evidence obtained from the search of Larsen's apartment."

"Representatives of the Criminal Division conferred with FBI officials on the morning of September 28, 1945, and it was generally agreed that the case was in serious jeopardy. A number of suggestions were made and discarded."

The above statement as to a conference between representatives of the Criminal Division and FBI officials on the morning of September 28, 1945, is false. The statement as made here would lead one to believe that the Bureau and Departmental Representatives had conferred as to what steps should be taken with respect to Larsen's motion. However, if any conferring was done and suggestions made, the Bureau had no part. The true facts are as follows:

By memorandum dated September 26, 1945 the Bureau notified the Attorney General that Mr. E. R. Sager, Manager of Larsen's apartment told an Agent of the Washington Field Office on September 25, 1945 that he had admitted to Larsen on the previous date that he had afforded Agents of the FBI access to Larsen's apartment. This information was furnished to the Attorney General with the suggestion that if a Departmental Representative would talk to Sager, that Sager would be instructed to call at the Department of Justice. No further action was taken by the Bureau at that time.

(100-267360 serial 685)

Page 131

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Disposition of Case Against Larsen

The report stated, "With the case of Jaffe safely disposed of in what was considered a manner satisfactory under the circumstances, the Department was still confronted with a motion to suppress filed by Larsen. A number of



conferences were held with the attorneys for Larsen and Roth in an effort to obtain pleas of guilty but without success. Larsen's attorney at first took the position he would not consider a plea until his motion to suppress was decided.

"The time for filing the Government's response to the motion to suppress was deferred. In response to the motion, the Government would have been obliged to admit the illegality of the search and seizure. However, the necessity for making this admission was averted when Larsen's counsel finally offered to plead his client nolo contendere if he could receive some assurance that only a moderate fine would be imposed. He pointed out that Larsen had been imposed upon by Jaffe, that he had lost his Government position which he had held for 10 years, that he was unemployed and penniless, and that he had a wife and family dependent upon him.

"The Government was aware of these facts and finally agreed, if consulted by the Court to recommend a fine of \$500. This position was taken largely because of the above factors and also because we realized that Jaffe was the main culprit, that he had corrupted Larsen and was responsible for his plight, and that it would be manifestly unjust for Larsen to receive a sentence greater or even equal to that imposed upon Jaffe. Larsen entered a plea of nolo contendere on November 2, 1945 and was fined \$500, as recommended by the Government."

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Pages 131 to 133

#### Disposition of Case Against Roth

The report stated, "Only the case against Roth now remained. This case was very weak and depended on several pages of handwriting and typewriting (identified as Roth's) of what appeared to be official documents. On September 27, 1945, Roth had filed a demurrer attacking the indictment and a motion for a bill of particulars. Argument on these motions had been postponed from time to time.

"At the time the Department offered to accept pleas of guilty from Jaffe and Larsen the Government's attorneys informed their counsel that Jaffe and Larsen would be examined by the Government counsel in an attempt to try to strengthen the case against Roth. This was done and both men were interviewed in November and December, 1945.

"Larsen, interviewed with respect to Roth's complicity, was unable to make any contribution except that Roth arranged the introduction between him and Jaffe early in 1944 while both he and Roth were employed by OWL. He could not implicate Roth in the conspiracy and as a matter of fact his statement tended to exculpate Roth, a result for which he had no known motive. After relating the

facts as to how he was introduced to Jaffe and Roth in March, 1944, Larson stated that at no time did Roth and he ever discuss Larsen's transactions with Jaffe, nor did he and Jaffe discuss them in the presence of Roth. Larsen stated that he had no facts whatsoever that would indicate that Roth knew that he, Larsen, was supplying documents to Jaffe. Larsen said that Roth never saw him give Jaffe any material nor saw Jaffe give any material to him (Larsen). Larsen further stated that he never saw Roth deliver anything to Jaffe, and that Jaffe never told him that he, Jaffe, was getting any material from Roth; nor did Roth ever tell Larsen that he, Roth, was giving any material to Jaffe. Larsen did mention one incident which occurred early in 1945. He said that he saw Roth leave the Navy Department, with a large envelope filled with something; that Roth stated he was having lunch with Jaffe and that on the return of Roth he had nothing in his hand. Larsen asserted that whether Roth gave the contents of the envelope to Jaffe or what was in the envelope he, Larsen, does not know. Later Larsen corrected the date of this incident and said that it must have been late in 1944 rather than in 1945.

"Jaffe, a long-time friend and associate of Roth completely absolved Roth of any knowledge or participation in the matter and explained how Roth happened to copy several documents for him. This the Department expected since it was not naive enough to expect Jaffe to implicate Roth.

".....

"While the physical surveillances showed meetings between Roth and some of the others, he was never observed transmitting or receiving Government documents. Several of these meetings were of a social nature. There was no evidence that Roth unlawfully removed any Government documents. Moreover, since the defendants were charged with conspiring to embezzle and remove Government documents, essential elements of the offense were the entering of each defendant into the agreement to commit those unlawful objects of the conspiracy, with knowledge of the existence thereof and intent to further its purposes in some manner. The prosecution would have had to prove these essential elements to secure convictions. As regards Roth, there was no proof that he entered into such an agreement with others, or that he had the knowledge and criminal intent to make a person a member of a conspiracy.

"In view of the state of the evidence above outlined, the decision was reached that the case against Roth could not be successfully prosecuted. After several postponements of hearings on motions brought by Roth's attorneys, and after an unsuccessful effort was made to place it on the pending inactive docket, the Government was forced to nolle prosequere the case against him on February 15, 1946."

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Commendatory Statement Concerning FBI's Action in This Case.

On Page 133 the following paragraph appears in the Report:

"This report is not intended to qualify the seriousness or gravity of this case. The FBI's prompt and vigorous action in face of a situation already tainted with illegality was of inestimable service to this country. This report only deals with the difficulties of successful prosecution and the bases for the decisions made."

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Pages 138 to 144

Summation by the Committee

The Committee summarized its investigation of the Amerasia Case in the following five points as set out hereafter:

"1. It has been asserted that an effort was made to delay the investigation. The FBI has denied that there was any delay whatever in its investigation and that no efforts were made to "fix" the case insofar as the FBI is concerned.

"2. Similarly, charges have been made that efforts were made to delay prosecution. These charges now appear to have stemmed from advice given the FBI on May 31, 1945, by the Department of Justice that prosecution should be held in abeyance pending the outcome of the United Nations Conference at San Francisco. This fact has precipitated a floodtide of speculation and unwarranted innuendos, culminating in the question of whether Alger Hiss' hand may have been in the picture. It is now crystal clear that the advice received by the FBI to hold the prosecution in abeyance originated in a desire of the late Mr. James Forrestal, Secretary of the Navy, that the full implications of the proposed arrests in the Amerasia case be conveyed to the President in consideration of the delicate character of our conversation with the Soviet Union at the time and the treatment which the press would accord the case by reason of the Communist connections of some of the subjects. Upon learning of the matter, the President on June 2, 1945, personally ordered the FBI to proceed at once with the case and not to be deterred by instructions from anyone. The State Department was equally insistent upon prosecuting the case to the fullest. The facts clearly reveal there was no "delay" in handling the case in any real or substantial sense.

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"3. It has been asserted that the Department of Justice failed to prosecute the case to the fullest and compromised it to the prejudice of the ends of justice. The officials directly responsible for prosecuting the case have testified under oath that they had absolutely a free rein in handling the case at all stages of the prosecution and were under no compulsion or restraint from any source whatever. There is not even a shred of evidence before us suggesting the contrary. It appears that the case was handled to the very best of their ability in the light of the legal and factual problems confronting them and their understanding of the law. Certainly common sense and fairness entitle Federal officials to the assumption that they have conscientiously done their duty, at least until facts to the contrary, not here present, are shown. The fact that some of the defendants did not receive the punishment which we today feel they deserved or which we would like to have seen them receive is the result of certain incidents of the case which have been heretofore discussed and not the result of dereliction on the part of the prosecuting officials. Under all of the circumstances of the case, we are constrained to suggest that the Department was fortunate in securing the punishment that was meted out.

"4. One of the most aside and disgusting charges in this case has been the suggestion that the handling of the Amerasia prosecution by Mr. Robert M. Hitchcock may have had a relationship to his subsequently becoming associated with a Buffalo, N. Y., law firm in which an uncle of one of the Amerasia defendants, Kate Mitchell, was a partner. There is absolutely no basis whatever for such a suggestion. The facts are that, many months after the Amerasia case was disposed of, Mr. Hitchcock was approached for the first time by a member of the law firm with a view to his becoming an associate thereof to handle a special field of litigation for which he was peculiarly well equipped by reason of his trial experience. Significantly, this member of the firm had no knowledge of the relationship between his partner and Miss Mitchell.

"5. There have also been allegations that the appearance of Philip Jacob Jaffe for sentencing on Saturday morning, September 29, 1945, was an unusual and unprecedented procedure, with the inference that something improper was involved. The persons who lend themselves to such a vicious fabrication do a grave injustice to the presiding judge, the Honorable James M. Proctor, in implying that he would permit any improper procedure.

"The fact of the matter is that in the United States District Court for the District of Columbia, a judge is always assigned to duty on Saturday mornings. This judge is available for emergency cases and will also, at his discretion, handle brief matters for the convenience of counsel. It is not at all unusual for a case to be heard on Saturday morning if the plea is changed from "not guilty" to "guilty" and a speedy disposition is desired by all parties. Moreover, it is customary for counsel to determine in advance that the judge is free and set a time to appear. Therefore, the Jaffe case was handled in the same routine manner as many other cases.

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" There has also been criticism of the fact that the judge was not advised of the "Communist connections" of Philip Jacob Jaffe. Such a criticism is the direct result of a misunderstanding of the case. It must be remembered that Jaffe was charged with conspiracy to obtain unlawfully Government documents. The Government had no evidence of the transmission of these documents by Jaffe to others. The only conceivable purpose justifying the use of information about Jaffe's Communist connections would be on a theory that it would indicate the possibility of a transmission of the information to the Soviet Union. To submit such allegations would in effect be an attempt to show that espionage had been committed when a lesser crime was charged and pleaded to, despite the fact that no evidence was available to support a charge of espionage.

" The Government attorneys handling the case were convinced that, unless they obtained a plea immediately, no conviction whatever of Jaffe could ever be obtained. They had first received word on Friday, September 28, 1945, that Larsen planned to file a motion to quash. They believed that once Jaffe learned of the unauthorized entries into Larsen's apartment, he would immediately follow the same procedure. Since illegal entries had been made in the Amerasia offices also, they were convinced that legally such a motion would be granted and the entire case lost. Therefore, only one alternative remained. They communicated, as heretofore discussed, with Jaffe's attorney and entered into a binding agreement to accept a plea of guilty in return for a Government recommendation of a substantial fine as the punishment, this agreement being made before Jaffe's attorney could learn of the news about Larsen's motion to quash.

" The Government also considered it necessary to have the plea formally entered as soon as possible in order to eliminate any possibility that Jaffe's attorney would back out on his commitment. In addition, Jaffe desired that the case be settled immediately. Once the Government attorneys were before the Court with an agreement to recommend a fine, it was manifestly impossible for them to argue that the offense was so heinous, because of the subject's alleged Communist connections, that a greater sentence should be imposed. If they attempted to do this, it would obviously release Jaffe from his commitment and he would be free to withdraw his plea and file his own motion to quash.

" A further consideration bearing on this question is that the Government in 1945 did not have proof that Jaffe was a member of the Communist Party. The most they had was that Jaffe had some Communist connections, which were not per se illegal or reprehensible, especially in 1945 when the Soviet Union, at least for all practical purposes of public moment, was an ally and friend of the United States. The allegations of Communist connections would not have been legally admissible evidence and thus had no probative significance.

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"The matter of Jaffe's plea, therefore, resolves itself into a question of legal judgment and tactics. If the Department of Justice attorneys were correct in their conclusion that the evidence was legally inadmissible and that any delay in acting would allow Jaffe to escape without punishment, they were obviously right in their action. If, on the other hand, they made an error in legal judgment, their procedure was wrong. Since they choose the former, it follows that once committed to this course, they could not present the allegations of Jaffe's Communist connections, assuming they should have done so, without defeating their own objective. Therefore, any criticism of the handling of the case before the Court is solely a question of the validity of the judgment of the Department of Justice attorneys. We do not feel it incumbent upon us to attempt to resolve this legal question, since we find that the Jaffe case was presented to the Court with the sole intention of furthering the best interests of the United States as the attorneys handling the matter in their best judgment and honest belief appraised the situation."

Testimony of Messrs. Ladd and Nichols

The testimony of Assistant to the Director D. M. Ladd and Assistant Director L. B. Nichols, furnished to the subcommittee on May 31, 1950, is not set out in the report in its entirety. However, from time to time, excerpts of their testimony are mentioned in footnotes. It is further noted that in Appendix I, which is a statement concerning the investigation by the subcommittee, under 10 (c), it is stated that one of the matters gone into by the subcommittee was the interrogation of Associate Director D. M. Ladd and Assistant Director L. B. Nichols of the FBI concerning the investigation of the Amerasia case. It is stated that these gentlemen advised they were in a position to supply the full story of the case from the FBI's standpoint and that their testimony before the Subcommittee, along with the Hobbs Committee record, constituted the complete story. (Appendix I, pages 155, 156)

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THE SOURCES OF THE CHARGES  
(Pages 144-148)

The Committee reported that after an extensive investigation it felt in a position to indicate the primary sources of the charges which have been made in this case.

Charge of Large Number of Communists in the State Department

The Committee stated that investigators of the House subcommittee, considering the State Department appropriation during the Eightieth Congress, prepared memoranda concerning 108 individuals based on information contained in State Department security files. These memoranda, continued the report, did not represent or purport to be a full analysis of the files involved and in some instances related to applicants never employed and to cases of mistaken identity; four committees of the Eightieth Congress did not regard the memoranda as significant or indicative of disloyalty in the State Department and they did not even submit a report concerning them.

Selections from these 108 memoranda, dressed up to appear more sinister and alarming, it was charged, were used by Senator McCarthy as the basis for his February 20, 1950, speech on the Senate floor which precipitated the investigation and which were presented as information only recently given him covertly by "loyal" employees in the State Department.

Charge That Communists and Other Disloyal Forces in the State Department Sabotaged American China Policy

Three well-defined sources were said by the Committee to have been responsible for the charge that disloyal individuals have been responsible for the "failure of America's China policy." These were listed as perversion of the testimony of Patrick J. Hurley, former Ambassador to China, before the Senate Foreign Relations Committee in December, 1945; Alfred Kohlberg, New York City importer; and an article purportedly written by Emmanuel S. Larsen, one of the defendants in the Amerasia case, for the October, 1946, issue of Plain Talk. Larsen repudiated the latter article in all essential respects, submitting to the Committee his draft—which bore "little or no resemblance to the articles which was published." The action attributed to Isaac Don Levine, editor of Plain Talk, and his associates in connection with the article was condemned by the Committee as beneath contempt.

THE FACTS BEHIND THE CHARGE OF "WHITEWASH"  
(Pages 149-151)

The Committee bitterly assails the charge that it had "whitewashed" the investigation into McCarthy's allegations concerning Communists in the Government, stating that such charges were an "organized campaign of vilification and abuse." The report then gives an analysis of the campaign, stating that the factors responsible for such a campaign were:

1. The necessity of creating the impression that the inquiry was not thorough and sincere in order to camouflage the fact that the charges made by Senator McCarthy were false and that the Senate and the American people had been deceived. The report states that from the beginning, Senator McCarthy had sought to leave the impression that the Committee was investigating him, instead of the "Disloyalty in the State Department," because it is now known that he had no facts to support his "wild and baseless charges," and lived in mortal fear that this situation would be exposed.

2. An effort to force upon the Committee the adoption of unfair methods and procedures which would permit the "conviction" of individuals on the basis of unwarranted considerations. The report stated that the Committee had tried to apply the principles of fair play, and when a charge against an individual was publicly made, to give that person a chance to make a public reply. The report claims that an attempt was made to force upon the Committee the "rankest sort of hearsay testimony, and then when such testimony was not allowed, cries of "whitewash" were heightened.

3. A third factor in the campaign to create the "whitewash" idea was the desire to leave the thought that the Committee was engaged in a cover-up of something dark and sinister in the administration. The report states that this tactic was a political maneuver designed to obfuscate the fact that the proponents of the charge of disloyalty in the State Department were without facts, and was thwarted when the President opened the loyalty files to the Committee.

4. The fourth factor in the "whitewash" campaign was the fact that a prominent newspaper chain (unnamed) was being sued for libel by one of the defendants in the Amerasia case with the result that, by seeking to force procedures and findings of a certain character, it was felt the suit would be unsuccessful.

The Committee's report states that the campaign of vilification and "whitewash" had been partially successful due to the following considerations:

1. The fact that until now the Committee has not been in a position to tell the truth (about the "whitewash" charges) to the American people.

2. "Another consideration is the oft-repeated and natural reaction of many good people that goes something like this - 'Well, there must be something to the charges, or a United States Senator would never have made them.'"

3. The third consideration has been the readiness of many people to believe charges of disloyalty in the State Department by reason of the Alger Hiss case.

4. The fourth and final consideration has been the vague uneasiness of many Americans concerning the ascendancy of the Communists in China and the decline of the Nationalist Government. The Committee feels that such a setting makes a fertile ground for the people to believe that someone, perhaps in our own State Department, may have been responsible for this situation. The Committee recommends the State Department "White Paper" to anyone desiring to know the real facts concerning American diplomacy in China during 1944-1949.

#### GENERAL OBSERVATIONS (Pages 151-152)

The report states that in concluding the report of its investigation, it was constrained to make several observations which were regarded as fundamental. The first was that "It is, of course, clearly apparent that the charges of Communist infiltration of and influence upon the State Department are false." The Committee states that "we have seen the technique of the 'Big Lie,' employed by the totalitarian dictators with devastating success, utilized for the first time on a sustained basis in our history." The Committee states that it is its sincere opinion that the charges of the character made in this case seriously impair the efforts of the agencies of the Government in combatting the problem of subversion. The report states that the charges made by McCarthy had succeeded to a great degree in doing what the Communists themselves had been trying and were unable to do - divide our people here at home and our allies abroad.

"We have seen how, through repetition and shifting untruths," states the report, "it is possible to delude great numbers of people." It was noted that an analysis of this technique was contained in Appendix 24, a review of which follows.

#### ANALYSIS OF THE CHARGES MADE BY SENATOR

JOSEPH R. McCARTHY

(Appendix 24, Pages 296-337)

The Committee notes that on February 9, 1950, Senator McCarthy opened a campaign against the Department of State which of its kind was perhaps the most sensational in the history of the United States. "Unparalleled in cynical character assassination," reports the Committee, "ranging in its application from the President of the United States to minor Washington clerks, professionally and expertly keyed to lurid sensationalism, viciously unscrupulous in falsely heightening the fears of the public in a time of international crisis, versatile, opportunistic, and, at times, desperate, Senator McCarthy gave birth to and steadily nurtured a phenomenon designated, by common consent, as 'McCarthyism'".

Appendix 24 is a Memorandum analyzing Senator McCarthy's charges in four parts: 1. The McCarthy Charges in General. 2. The McCarthy Techniques and Methods. 3. The Effects of McCarthyism. 4. The Contradictions and Conflicts in the McCarthy Charges.

#### 1. The McCarthy Charges in General

Various charges made by Senator McCarthy commencing with his speech at Wheeling, West Virginia, on February 9, 1950, are recounted, followed by the Committee's comments regarding refutation of such charges. It is noted that in a speech at Chicago on May 6, 1950, Senator McCarthy included an alleged statement by J. Edgar Hoover that the Amerasia case "is a 100-percent airtight case of espionage." The Department of Justice denied, adds the Committee, that Mr. Hoover ever made such a statement. Before the Senate on June 6, 1950, Senator McCarthy charged that the FBI had sent to the State Department a chart listing "agents," "Communists," "sympathizers" and "suspects," according to the report, which adds that no such chart had been prepared by the FBI but had been compiled by the State Department on May 15, 1946.

## 2. The McCarthy Techniques and Methods

Under this heading the Committee describes Senator McCarthy's most important and shocking technique as the sweeping accusation unwarranted by evidence. Listed thereafter are the multiple untruth, manufactured evidence, repetition, deliberate perpetuation of confusion, headline production and the "Yahoo" (anti-intellectual) appeal. The Committee sets forth considerable information in support of these appellations.

## 3. The Effects of McCarthyism

The effects of any given technique, reports the Committee, may not in itself be serious and even the use of a number of them—with some restraint—may be considered a normal phenomenon in the world of practical affairs. When, however, these techniques are used by a United States Senator under the circumstances of world crisis, and for the purpose of attacking the spokesman for the United States in the field of foreign affairs, the effects can be expected to be extremely serious. The Committee then declares Senator McCarthy's methods and techniques have undoubtedly confused our friends and heartened our enemies; diverted the energies of the public and public officials; undermined the procedures of the U. S. Senate and democracy by fraudulent inducement of appointment of a special investigating committee; demoralized public servants; and deprived individuals of legal redress by making unwarranted charges under cover of Congressional immunity.

## 4. Contradictions and Conflicts in the McCarthy Charges

Under this caption the Committee lists a large number of charges by Senator McCarthy and points out what it terms contradictions and conflicts.

225-a  
TICKLER

SAC, New York City

April 13, 1950

Director, FBI

*State Department*

*ft*  
COMMUNISTS IN THE UNITED STATES GOVERNMENT  
LOYALTY OF GOVERNMENT EMPLOYEES

Attached for your information is a copy of a letter received by Senator Joseph R. McCarthy from Ray Brock, 156 E. 52 Street, New York City, dated March 22, 1950. While it is noted that attached letter does not contain any information pertaining to any one person, you are instructed to immediately interview Mr. Brock. Your interview should, of course, attempt to develop any information relating to loyalty in Brock's possession concerning Government employees. Handle immediately and sutel Bureau summary of results.

*Attachment*  
Attachment

RECORDED - 34

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Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Belmont

FROM : Mr. Hennrich

DATE: May 31, 1950

SUBJECT: SUBCOMMITTEE OF SENATE FOREIGN RELATIONS COMMITTEE  
ALLEGATIONS OF SENATOR JOSEPH McCARTHY  
LOYALTY OF GOVERNMENT EMPLOYEES - ALL INFORMATION

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
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## PURPOSE

To advise you generally of the contents of transcripts of testimony presented before the Subcommittee of the Senate Foreign Relations Committee and to recommend that this information be brought to the attention of the Internal Security and Loyalty Sections for their information.

## BACKGROUND

On Monday, 5-29-50, there were made available to the Bureau 20 volumes of the transcript of testimony presented before the Subcommittee of the Foreign Relations Committee. These volumes have been scanned and their contents noted generally as follows:

Volumes 1 dated 3-8-50

This volume sets forth the purpose and jurisdiction of the Subcommittee and includes also a portion of the testimony of Senator Joseph McCarthy concerning alleged Communists in the United States Government.

Case #14 - pages 5 - 10

Case #57 - pages 10- 43

Judge Dorothy Kenyon, pages 43 - 83.

Volume 2 dated 3-9-50

This volume contains a continuation of the testimony of Senator Joseph McCarthy.

Case #14 (a high official in the State Department charged with doctoring Loyalty Committee records) pages 84 - 124.

Judge Dorothy Kenyon - pages 124 - 177.

Volume 3 dated 3-13-50.

This volume contains a continuation of the testimony of Senator Joseph McCarthy.

Haldore Hanson, pages 179 - 204

Esther C. Brunauer, pages 204 - 224

Owen Lattimore, pages 224 - 263.

Volume 4, dated 3-14-50.

1948 This volume contains a continuation of the testimony of Senator Joseph McCarthy. CV 10

Gustavo Duran, pages 274-1613

Harlow Shapley, pages 313 - 318

Alleged homosexual (unnamed) formerly employed by the State Department and now by CIA, pages 318 - 323.

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John Service and the Amerasia Case, pages 324 - 353  
Professor Frederick L. Schuman, pages 353 - 359.  
This volume also contains the testimony of Miss Dorothy  
Kenyon, pages 370 - 467.

Volume 5 dated 3-20-50.

This volume contains the testimony of the Honorable Philip C.  
Jessup .

Volume 6 dated 3-21-50.

This volume contains a continuation of the testimony of Senator  
Joseph McCarthy.

Owen Lattimore  
Honorable Philip C. Jessup, page 4  
Stephen Brunauer, page 12  
Herbert Fierst, page 12  
Charles W. Thayer, page 33.

Reference is also made in this volume to the removal of  
serials from the FBI files in the Kansas City case  
(page 10) and to Senator McCarthy's indirect access to  
information in FBI files.

Volume 7 dated 3-27-50.

This volume contains the testimony of the following individuals:

> Mrs. Esther Brunauer, pages 559 - 613  
Honorable J. Howard McGrath, pages 613 - 656  
Director J. Edgar Hoover, pages 656 - 685.

Volume 8 dated 3-28-50.

This volume contains the testimony of Haldore Hanson,  
pages 686 - 757.

Volume 9 dated 4-5-50.

This volume contains the testimony of the following individuals:

Mr. Donald L. Nicholson, pages 759 - 801  
General Conrad E. Snow, pages 801 - 835  
Mr. Seth W. Richardson, pages 835 - 861.

Volume 10 dated 4-6-50.

This volume contains the testimony of Owen Lattimore,  
pages 863 - 1030.

Volume 11 dated 4-20-50.

This volume contains the testimony of the following individuals:

Louis Budenz, pages 1032 - 1214

Brigadier General Elliott R. Thorpe, pages 1214 - 1243.

Volume 12 dated 4-25-50.

This volume contains the testimony of the following individuals:

Dr. Bella V. Dodd, pages 1245 - 1316

Larry E. Kerley, pages 1316 - 1334.

Volume 13 dated 4-25-50 (A. M.)

This volume contains a discussion of the procedure to be followed before the Committee and also contains the testimony of Louis Budenz concerning Owen Lattimore, pages 112 - 145. ✓

Volume 14 dated 4-25-50 (P. M.)

This volume contains a continuation of the testimony of Louis Budenz concerning Owen Lattimore. In his testimony Budenz also mentions such people as Ella Winter, Joseph Barnes, Victor Yakhonteff, Harriet L. Moore, Gunther Stein, Haldore Hanson, Philip C. Jessup and others.

Volume 15 dated 4-27-50.

✓ This volume contains the testimony of Earl Russell Browder, pages 1335 - 1430. All of this testimony principally concerns Owen Lattimore. A number of other individuals of interest to the Bureau are also mentioned.

Volume 16 dated 4-28-50.

This volume contains the testimony of Frederick Vanderbilt Field, pages 1431 - 1495.

Volume 17 dated 5-1-50.

This volume contains the testimony of the following individuals concerning Owen Lattimore:

Freda Utley, pages 1497 - 1646

Demaree Bess, pages 1647 - 1651.

Volume 18 dated 5-2-50.

This volume contains the testimony of Dr. Owen Lattimore, pages 1652 - 1837.

Volume 19 dated 5-3-50.

This volume contains a continuation of the testimony of Owen Lattimore, pages 1839 - 1948.

Volume 20 dated 5-4-50 (A.M.)

This volume contains the testimony of Frank Brooks Bellaski concerning the Amerasia case, pages 257 - 317.

### OBSERVATIONS

The above table of contents is set forth as the result of a quick scanning of the transcripts presently in the possession of the Bureau. In keeping with the Director's instructions that, "As soon as copy (of the transcript) is obtained, we should go over it carefully for leads and information.", these volumes are currently being reviewed thoroughly for any information or leads that may be developed in connection with the case entitled "Owen Lattimore, Espionage - R," (Bureau file 100-24628). Incidental to that review, photostatic copies of pertinent portions concerning Lattimore will be prepared for transmittal to the Baltimore Office.

### RECOMMENDATION:

It is suggested that copies of this preliminary memorandum be forwarded to the Internal Security and Loyalty Sections for their information and that a copy also be forwarded to Special Agent [redacted] who is charged with the supervision of the Amerasia case. Temporarily, these documents will be retained in a filing cabinet labeled as is this memorandum (key number Z-600 in Room 7614), the office of Special Agent [redacted] where they will be immediately available to Bureau personnel having an interest in their content.

b6  
b7C

*These documents to  
be forwarded  
to serial 255  
8/21-23-78  
EMG*

*The transcript  
is to be reviewed  
not only re Lattimore  
case but for info of  
leads also other  
cases mentioned  
therein.*

*copies Routed*

*Testimony analyzed  
& being handled re Internal  
Security matters referred to in this  
memo JDD 7-5-50*

*Loyalty analyzing  
cases Re JDD*

Assistant Attorney General  
James M. McInerney, Criminal Division

June 20, 1950

Director, FBI

CONFIDENTIAL

<sup>①</sup> SUBCOMMITTEE OF SENATE  
<sup>①</sup> FOREIGN RELATIONS COMMITTEE  
LOYALTY OF GOVERNMENT EMPLOYEES

Reference is made to our memoranda of April 24, 1950, and May 12, 1950, as well as to your memorandum of May 23, 1950.

It would be appreciated if you would advise us as to whether you have yet been successful in obtaining a copy of the official transcript of testimony presented before the Subcommittee of the Senate Foreign Relations Committee.

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EX-124

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~~162-11235-57~~  
JUN 21 1950  
80

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EMG: jo

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Tolson  
Ladd  
Clegg  
Glavin  
Nichols

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56 JUN 29 1950

ENG

## Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: July 11, 1950

FROM : D. M. Ladd

SUBJECT: SUBCOMMITTEE OF THE SENATE FOREIGN  
RELATIONS COMMITTEE  
LOYALTY OF GOVERNMENT EMPLOYEESALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE

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Ladd	_____
Clegg	_____
Glavin	_____
Nichols	_____
Rosen	_____
Tracy	_____
Harbo	_____
Belmont	_____
Mohr	_____
Tele. Room	_____
Incase	_____
Gandy	_____

PURPOSE

To submit for your information the results of a review of the proposed "Findings and Conclusions" of the Subcommittee of the Senate Foreign Relations Committee concerning information appearing therein which directly relates to the FBI or FBI personnel, and to also highlight pertinent comments of the Subcommittee.

BACKGROUND

At 4:50 PM on July 10, 1950, a copy of the proposed "Findings and Conclusions" of the Subcommittee of the Senate Foreign Relations Committee was made available to the Bureau on a highly confidential basis, it being stipulated that no copies should be made nor any notations made thereon.

These proposed findings and conclusions have been reviewed for information which directly relates to the FBI or FBI personnel, special emphasis being placed on such information as reflects adversely on the Bureau. No attempt has been made to compare the conclusions set forth with the facts as contained in Bureau files and other than those which directly concern the Bureau, no attempt has been made to establish the accuracy or inaccuracy of statements appearing therein.

Generally, throughout the report of the findings and conclusions of the Subcommittee, references made to the FBI or FBI personnel are commendatory. The findings and conclusions of the Subcommittee are generally favorable to the individuals charged by Senator McCarthy, and no recommendations for dismissal are made.

ACTION

The attached memorandum is submitted for your information.

Attachment

EMG:EFF

RECORDED - 53  
INDEXED - 53

121-23278-198

145

Handwritten signatures and initials, including "Ladd", "Harbo", and "Belmont", along with a large checkmark.



## FINDINGS AND CONCLUSIONS

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE

The "Findings and Conclusions" of the subcommittee contain a condemnation of Senator Joseph McCarthy. Therein are quoted statements Senator McCarthy is reported to have made as to the number of Communists in the State Department, and a statement is made that there is not one member of the Communist Party or of a "spy ring" employed in the State Department known to the Secretary of State or other responsible officials of the Department. The report accuses Senator McCarthy of misrepresentation of fact and of misleading and deceiving the Senate, as well as of failure to cooperate with the subcommittee.

In their "Findings and Conclusions," the subcommittee reports that their review of the loyalty files concerning the "81" individuals charged by Senator McCarthy revealed that they did not contain truth to support these charges. The subcommittee reported that their investigation revealed that the Loyalty Program is of indispensable value and was being efficiently administered. In this connection, they found (page 7) "That the FBI's loyalty investigations are comprehensive and conclusive with respect to the facts."

The committee then announced their conclusions with respect to individuals publicly charged by Senator McCarthy. Inasmuch as these conclusions are specifically set forth in the subcommittee's report, which is being made the subject of a separate memorandum in this matter of even date herewith, they are not being repeated herein.

In connection with the conclusion that Haldore Hanson was not to be considered disloyal, or a man with proclivities on a mission to Communize the world, among other things, the conclusion was stated that the only testimony before the Committee indicating Hanson may have had any Communist convictions, is that of Louis Budenz, which leaves the Committee "to a degree, in wonderment;" that in the face of the results of the FBI investigation and the Loyalty Board's review of the Hanson case, and in consideration of the evidence before the Committee, the Committee could not accept Mr. Budenz' testimony as controlling.

With reference to Dorothy Kenyon, the conclusion was that the evidence before the Subcommittee failed to establish Kenyon as a Communist or an otherwise disloyal person. It was pointed out that it is apparent Kenyon was less than judicious in joining certain organizations during the late 30's and early 40's, but that significantly though her name has been associated in one manner or another with 20 different cited organizations, she was found to be connected on but one occasion with an organization

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after it was cited as subversive. The report further concludes that many of the alleged associations were denied or explained and in other cases, "she had a great deal of distinguished company."

The Committee further related that "where used for the purpose of attaching a stigma of disloyalty upon an individual, membership in Communist-front organizations assumes significance in direct proportion to the knowledge of the nature of the organization, the character and the extent of the participation therein, and the number of affiliations, after knowledge."

In connection with their conclusions concerning Owen Lattimore, the subcommittee reported (page 15) that they had found "no evidence to support the charge that Owen Lattimore is the 'top Russian spy' or, for that matter, any other sort of spy.....We have every confidence that were Mr. Lattimore an espionage agent the efficient FBI would long since have taken action against him. The fact that it has not done so and the further fact that we have seen a summary of the FBI's information concerning Mr. Lattimore confirms our opinion in this respect."

These latter conclusions, in so far as they concern the FBI, are, of course, unwarranted. It is not within the province of the FBI to institute prosecutive action against a subject of investigation, nor can the FBI summary of March 22, 1950 (since supplemented by additional investigation) be properly construed as a clearance of Lattimore in connection with the charges made against him.

The subcommittee reported (pages 15 and 16) that "Owen Lattimore is a writer and a scholar who has been charged with a record of pro-Communism going back many years. There is no legal evidence before us whatever to support this charge.....we are impelled to comment that in no instance has Mr. Lattimore on the evidence before us been shown to have knowingly associated with Communists."

In this connection, it is true that the FBI summary of March 22, 1950, containing information concerning Owen Lattimore which was displayed to members of the subcommittee, does not in itself constitute "legal evidence" of the information therein contained.

The committee makes the comment (page 17) that "We believe that the Lattimore case vividly illustrates....the imperative necessity that inquiries relating to matters of such character, where deemed relevant to our national security, should be handled by the duly constituted agencies of our government that are equipped to handle such matters by intelligent and proven methods designed to obtain the truth without injustice, character assassination, and a prostitution of the American concept of fair play."

Concerning the conclusions reached regarding John Stewart Service, the Subcommittee stated that after carefully considering the evidence, it concluded that Service is neither a disloyal person, a pro-Communist, nor a security risk. The Subcommittee indicated it was impressed with Service's frankness and cooperativeness; the fact that he appeared before the Grand Jury in August of 1945 where, by unanimous vote, he was not indicted; and the fact that he has been subjected to almost continuous scrutiny during the last five years, being cleared four times by either the State Department personnel board or the State Department Security and Loyalty Board. It is of interest to note the comment regarding "an accepted practice" for State Department officers to impart classified information to writers in order to give them background information for their articles. The Subcommittee stated that both Mark Gayn and Philip Jaffe were considered reputable newsmen and writers by the public in the Spring of 1945, and because of the limited number of writers specializing on China, it was natural that Service would expect experts in that field, like Gayn and Jaffe to show a greater interest in his material by the average writer. The Subcommittee concluded that "Service was extremely indiscreet in his dealings with Gayn and Jaffe, a fact which he readily admits; that perhaps the State Department's administration process was at fault in failing to brief its employees coming into Washington on short consultations on how they should treat the press during their stay; but that the Committee could not and would not conclude that his indiscretions in the Amerasia matter is sufficient to brand an otherwise competent and loyal employee of seventeen years service as disloyal, pro-Communist or a security risk.

AMERASIA CASE

The subcommittee in its findings and conclusions concerning this case made certain commendatory statements regarding the Bureau as follows:

o "(B) We find that, after the case was referred to it, the FBI conducted the investigation with dispatch and thoroughness and developed the identities of all individuals involved as could be revealed by an exhaustive investigation extending over a three-months period; that the FBI utilized techniques and methods in its investigation which the exigencies of the situation appeared to require, bearing in mind its dual and somewhat incompatible (under existing law) responsibility for counter-espionage in wartime on the one hand and the development of legally admissible evidence on the other. The FBI discharged its responsibility with an efficiency and thoroughness in keeping with the best traditions of that agency."

Despite the fact that such credit was given to the Bureau by the subcommittee, it is suggested that the words "and somewhat incompatible (under existing law)" be deleted from the above paragraph.

"(C) We find that all responsible officials were properly concerned relative to the serious implications of the Amerasia case, as it could be gauged at the outset, and that the President of the United States personally called an FBI official, instructing that the case should be handled with all possible dispatch."

"(H) We find that three bodies have now investigated the Amerasia case-- (1) a committee of the House of Representatives in 1946, (2) a special Grand Jury in New York City in 1950, and (3) this subcommittee--and that each inquiry has established that the case was not improperly handled either by the FBI in the investigation or the Department of Justice in the prosecution."

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subcommittee  
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deletion

Regarding the general charges of disloyalty in the State Department, the Committee stated it found that the sources were essentially: (1) material developed by investigators of a House Committee in 1947 from loyalty files, which material was considered by four separate committees of the Republican-controlled 80th Congress and was not regarded as justifying a report concerning the matter. (2) Information from a letter dated July 26, 1946, of Secretary James F. Byrnes giving a contemporaneous report concerning the screening and weeding out of questionable individuals transferred to the State Department from emergency wartime agencies. (3) A perversion of the testimony of General Patrick J. Hurley before the Senate Foreign Relations Committee in December, 1945. (4) Alfred Kohlberg, New York importer and financial backer, "Plain Talk" magazine. (5) An article concerning the Amerasia case appearing in the October, 1946 edition of "Plain Talk" magazine, indicated to have been written by Emmanuel S. Larsen and subsequently repudiated by him.

In the list of conclusions, a statement is included regarding the Committee having been subjected to an organized campaign of unwarranted and unfair villification, which included repeated charges that the Committee was attempting to "whitewash" the State and Justice Departments.

In the conclusions set forth, the statement is made, "We are fully satisfied that the FBI and the security staff of the State Department are eminently qualified to ferret out individuals who may be disloyal in the State Department"; furthermore, that public Congressional inquiries on the question of disloyalty, particularly in view of the fact that the standard for judgment is necessarily highly subjective, tend inevitably to prejudice unfairly and with complete immunity and impunity the reputations, careers, and very livelihood of many innocent people; that the development of facts concerning charges of disloyalty, even where ample evidence exists in the initial instance to indicate its verity, should be done in an efficient, intelligent, and unobtrusive manner by the FBI with its thousands of trained investigators and nation-wide facilities.

In conclusion, the Committee stated that inquiries of the character impressed upon us are justified only where evidence exists that our duly constituted agencies of Government have failed to discharge their duty; that despite irresponsible representations to the contrary, the Committee found that absolutely no such evidence existed as a predicate for its inquiry in that after an intensive investigation, there is still no such evidence. The Committee went on to state that it felt that one of the most reprehensible aspects and unfortunate result of unwarranted charges of the type made in this



matter is the actual injury done to the true fight against Communism; that such charges, being unproved and not subject to proof, have the effect of dulling the awareness of our people to the menace of Communism necessarily embarrass and expose the methods and techniques of our intelligence agencies charged with protecting our security, interfere with and compromise their confidential investigations, destroy the effectiveness of confidential informants, and inevitably gives basis for ridicule of those who fight Communism with Truth, the only weapon with which it can be destroyed.

It is of particular interest to note the strong language used in the final conclusion of the Subcommittee, which states:

"At a time when American blood is again being shed to preserve our dream of freedom, we are constrained fearlessly and frankly to call the charges and the methods employed to give them ostensible validity what they truly are:- a fraud and a hoax perpetrated on the Senate of the United States and the American people. They represent perhaps the most nefarious campaign of half-truths and untruth in the history of this Republic. For the first time in our history, we have seen the totalitarian technique of the 'Big Lie' employed on a sustained basis. The result has been to confuse and divide the American people, at a time when they should be strong in their unity, to a degree far beyond the hopes of the Communists themselves whose stock-in-trade is confusion and division. In such a disillusioning setting, we appreciate as never before our bill of rights, a free press, and the heritage of freedom that has made this nation great."

#### ACTION

The conclusion of the Subcommittee concerning the Amerasia case which referred to the FBI's "dual and somewhat incompatible responsibility" is wholly incorrect. The reference to incompatible responsibility appears to be a gratuitous statement which it is recommended should be deleted from the findings and conclusions.

# FEDERAL BUREAU OF INVESTIGATION

Room 5744 7-11, 1950

TO:

☒ Director  
☐ Mr. Ladd  
☐ Mr. Clegg  
☐ Mr. Glavin  
☐ Mr. Harbo  
☐ Mr. Nichols  
☐ Mr. Rosen  
☐ Mr. Tracy  
☐ Mr. Belmont  
☐ Mr. Mohr  
☐ Mr. Carlson  
☐ Mr. Callahan  
☐ Mr. Nease  
☐ Miss Gandy  
☐ Personnel Files Section  
☐ Records Section  
☐ Mrs. Skillman

Mr. Tolson  
Mr. Ladd  
Mr. Clegg  
Mr. Glavin  
Mr. Nichols  
Mr. Rosen  
Mr. Tracy  
Mr. Harbo  
Mr. Belmont

Mr. Mohr  
Tele. Room  
Mr. Nease

Miss Gandy

*Stanley*

See Me

For Appropriate Action

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Note and Return

*Note*

*Page 5*

*Page 5 handled  
JG*

Clyde Tolson

### FINDINGS AND CONCLUSIONS

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 Harbo \_\_\_\_\_  
 Mohr \_\_\_\_\_  
 Tele. Room \_\_\_\_\_  
 Nease \_\_\_\_\_  
 Gandy \_\_\_\_\_



### AMERASIA CASE

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Nease \_\_\_\_\_  
Gandy \_\_\_\_\_

Regarding the general charges of disloyalty in the State Department, the Committee stated it found that the sources were essentially: (1) material developed by investigators of a House Committee in 1947 from loyalty files, which material was considered by four separate committees of the Republican-controlled 80th Congress and was not regarded as justifying a report concerning the matter. (2) Information from a letter dated July 26, 1946, of Secretary James F. Byrnes giving a contemporaneous report concerning the screening and weeding out of questionable individuals transferred to the State Department from emergency wartime agencies. (3) A perversion of the testimony of General Patrick J. Hurley before the Senate Foreign Relations Committee in December, 1945. (4) Alfred Kohlberg, New York importer and financial backer, "Plain Talk" magazine. (5) An article concerning the Amerasia case appearing in the October, 1946 edition of "Plain Talk" magazine, indicated to have been written by Emmanuel S. Larsen and subsequently repudiated by him.

In the list of conclusions, a statement is included regarding the Committee having been subjected to an organized campaign of unwarranted and unfair villification, which included repeated charges that the Committee was attempting to "whitewash" the State and Justice Departments.

In the conclusions set forth, the statement is made, "We are fully satisfied that the FBI and the security staff of the State Department are eminently qualified to ferret out individuals who may be disloyal in the State Department"; furthermore, that public Congressional inquiries on the question of disloyalty, particularly in view of the fact that the standard for judgment is necessarily highly subjective, tend inevitably to prejudice unfairly and with complete immunity and impunity the reputations, careers, and very livelihood of many innocent people; that the development of facts concerning charges of disloyalty, even where ample evidence exists in the initial instance to indicate its verity, should be done in an efficient, intelligent, and unobtrusive manner by the FBI with its thousands of trained investigators and nation-wide facilities.

In conclusion, the Committee stated that inquiries of the character impressed upon us are justified only where evidence exists that our duly constituted agencies of Government have failed to discharge their duty; that despite irresponsible representations to the contrary, the Committee found that absolutely no such evidence existed as a predicate for its inquiry in that after an intensive investigation, there is still no such evidence. The Committee went on to state that it felt that one of the most reprehensible aspects and unfortunate result of unwarranted charges of the type made in this

matter is the actual injury done to the true fight against Communism; that such charges, being unproved and not subject to proof, have the effect of dulling the awareness of our people to the menace of Communism necessarily embarrass and expose the methods and techniques of our intelligence agencies charged with protecting our security, interfere with and compromise their confidential investigations, destroy the effectiveness of confidential informants, and inevitably gives basis for ridicule of those who fight Communism with Truth, the only weapon with which it can be destroyed.

It is of particular interest to note the strong language used in the final conclusion of the Subcommittee, which states:

"At a time when American blood is again being shed to preserve our dream of freedom, we are constrained fearlessly and frankly to call the charges and the methods employed to give them ostensible validity what they truly are:- a fraud and a hoax perpetrated on the Senate of the United States and the American people. They represent perhaps the most nefarious campaign of half-truths and untruth in the history of this Republic. For the first time in our history, we have seen the totalitarian technique of the 'Big Lie' employed on a sustained basis. The result has been to confuse and divide the American people, at a time when they should be strong in their unity, to a degree far beyond the hopes of the Communists themselves whose stock-in-trade is confusion and division. In such a disillusioning setting, we appreciate as never before our bill of rights, a free press, and the heritage of freedom that has made this nation great."

#### ACTION

The conclusion of the Subcommittee concerning the Amerasia case which referred to the FBI's "dual and somewhat incompatible responsibility" is wholly incorrect. The reference to incompatible responsibility appears to be a gratuitous statement which it is recommended should be deleted from the findings and conclusions.

## OFFICE MEMORANDUM - UNITED STATES GOVERNMENT

TO : Mr. A. H. Belmont

FROM: C. H. Stanley

SUBJECT: LOYALTY OF GOVERNMENT EMPLOYEES

PURPOSE

DATE: June 30, 1950

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
EXCEPT WHERE SHOWN  
OTHERWISE

To comment on a document entitled "Photostats of Excerpts From Chief Investigator's Report of State Department Loyalty Files" found by the New York Office in going through the files of Dr. J. B. Matthews.

BACKGROUND

Dr. J. B. Matthews recently made available to the Bureau certain files maintained by him for examination for information of possible pertinence to the loyalty investigations of Philip Jessup, John Stewart Service, Richard Service and Haldore Hanson and the espionage investigation of Owen C. Lattimore. In connection with this examination the Agents came across a photostatic document entitled "Photostats of Excerpts From Chief Investigator's Report of State Department Loyalty Files." They asked Dr. Matthews where he had obtained it and, although he gave a rather evasive answer, he very readily offered to give the Agents a photostatic copy of the document. Furthermore, he did not seem concerned that this document was in his files nor did he make any effort to conceal its presence there.

An examination of the document in question reveals that it is obviously incomplete. It is labelled "Observations and Findings" and contains paragraphs numbered 8, 9, 10 and 17. From the nature of the document it apparently is the observations and findings of someone who conducted a survey of the security files of the State Department. Generally, the observations and findings indicate that the Security Division of the State Department has no records to clearly show who have or who have not been investigated and who is and who is not presently employed. A comment is made that instances were noted where the Division had pending investigations on applicants although neither D.P. (Domestic Personnel) nor F.P. (Foreign Personnel) had a record indicating they were considering these applicants. The document makes a further comment concerning the distribution of the caseload of Agents conducting investigations for the State Department in the Washington and New York areas and in this connection it is mentioned that a number of alleged Communist Party petition signers had never been checked out and cites as examples cases Nos. 28, 29, 30, 31 and 32. The document in question also refers to the inadequacy of the State Department system of charging out files and the over-all laxness in the handling of documents, citing as examples file jackets for which there were no cases in the files and jackets being out of file without charge-out, papers missing from files obviously belonging there and no charge-out slips to indicate whereabouts of missing papers.

121-23278-1

In furnishing a copy of this document to the Bureau by letter dated June 8, 1950, the New York Office pointed out that the cases referred to by number in the document possibly might be identical with the numbers used by Senator McCarthy in

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connection with his recent allegations concerning the State Department. New York pointed out that the document, although not marked confidential, appeared to contain information which probably was not of the type to be disseminated outside the State Department and the Bureau might desire to confidentially advise the State Department that there are copies outside of that Department.

There is no way, of course, by which we can positively identify this document. However, it is my belief that it is a portion of the report made by former SA Robert E. Lee in connection with the hearings before the Subcommittee of the House Committee on Appropriations on the State Department appropriation bill for 1949. This belief is particularly borne out by the reference to cases Nos. 28, 29, 30, 31 and 32, which are case numbers used in Lee's report. Furthermore, the document in question refers to investigations to be conducted, presumably by State Department investigators, concerning employees who have signed Communist Party petitions and obviously this investigative jurisdiction now lies with the Bureau under Executive Order 9835. This factor further leads to the belief that this is a portion of the Lee report which was, of course, prepared at just about the time the Loyalty Program was getting under way. We, of course, have a copy of the Lee report insofar as it pertains to individuals but we do not have this complete report and it is believed that the document submitted by the New York Office probably is a portion of the summary of his observations and findings concerning the general condition of the State Department files at the time he made a survey of them for the Subcommittee of the Committee on Appropriations, House of Representatives. How this material came into the possession of Dr. J. B. Matthews, of course, is unknown.

#### RECOMMENDATION

Since the document is believed to be a portion of the Lee report, there would appear to be no reason for advising the State Department of the fact that copies are in the possession of individuals outside the Department of State. From the recent allegations of Senator McCarthy, it is quite obvious that other copies of this material are in the possession of individuals outside the Executive Branch of the Government. It is, accordingly, recommended that no further action be taken with respect to this particular matter.

FEDERAL BUREAU OF INVESTIGATION  
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